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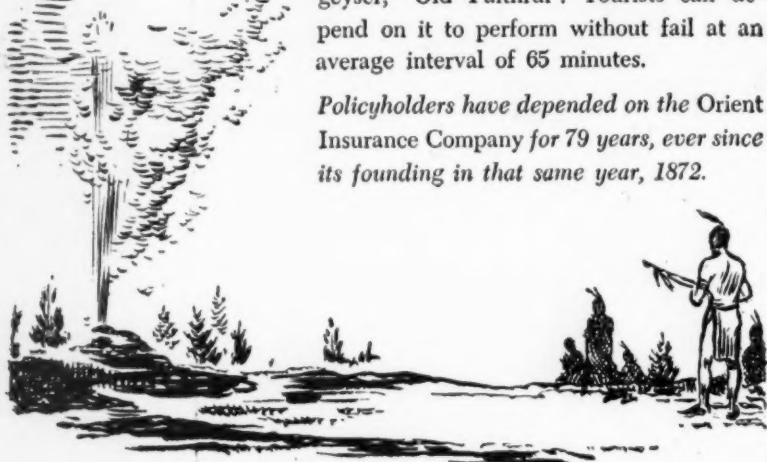
THURSDAY, AUGUST 23, 1951

1872

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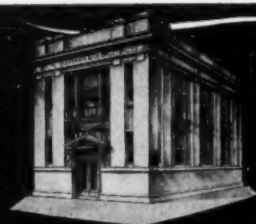


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Flood Cover Is Being Studied From All Angles

Salvage Company Shows Value of Service Feature in Disaster

Underwriters Salvage Co. of Chicago expects to be able next week to pull out of the Kansas City flood area all of its men except those that are still needed in connection with the salvage of grain. There have been about 10 men in the area for the past month and Marvin Brownlow, the general manager, and John MacGregor, assistant general manager, have each been on the scene several times. The salvage company did a magnificent piece of work that is being highly appreciated in Kansas City.

The salvage people volunteered to give counseling service on uninsured losses, although management made it clear from the outset that under no circumstances was it prepared actually to process such situations. The counseling service was worth a great deal in money and in giving a sense of direction to the flood victims. One company alone, it is said, saved a million dollars by reason of the advice that it got.

Property Owners in Funk

When the salvage people arrived they found that the property owners were in a funk. They had no idea how to proceed. Property and merchandise seemed to be a hopeless mess and sharpshooters were emerging with offers for goods that were tempting the owners in their state of depression. However, this was an old story to the salvage men. They know how to evaluate stuff that seems to be strictly for the birds. They are used to pulling tons of salable merchandise out of charred water-soaked pits and they furnished immensely valuable reference points for many interests. For instance, there was one concern that had a huge supply of nails that was flooded and stuck in the mud. This concern had gotten an offer of a penny a pound for these nails and it was tempted to take it but the salvage people were insistent that these nails were worth at least 2½¢ to 3¢ per pound and they even agreed to help find a buyer at that price. A sale was later made at that level.

Insurance Agents Assn. of Kansas City and Underwriters Salvage worked tandem on these matters and headquarters of the salvage company were at the agents' association offices. This will cost the salvage company a good many thousand dollars but the insurance agents of Kansas City are saying that if this were chalked up as a public relations investment, it is one that will pay many a dividend.

Resort to Physical Protection

An insurance engineer tells an interesting story of a risk located in the flood area that came through unscathed. The management of this company a few years ago asked about flood insurance saying they were conscious of the risk involved due to the fact that a stream ran near the plant. They were advised, of course, that insurance was not available in the ordinary market and they wanted to know whether it could be gotten at Lloyds and if so what the price would be. This engineer gave the off-

(CONTINUED ON PAGE 22)

Detailed Timetable for N.A.I.A. Annual Meeting

J. Dewey Dorsett, general manager of Assn. of Casualty & Surety Companies, will be one of the featured speakers on the "production and public relations forum" during the annual convention of National Assn. of Insurance Agents Sept. 10-13 at Chicago. His subject will be "Meeting the Automobile Accident Problem."

Also scheduled to appear on this forum, which is scheduled for Wednesday morning, Sept. 12, are J. Kenneth Cormack, member of the N.A.I.A. fidelity and surety committee, on "It's Easy When You Know How," and John P. Madigan of Maryland Casualty, "A Walk Down Main Street." Thomas A. White, assistant counsel of Employers Liability, will discuss "Molding Public Opinion."

As part of the ladies' entertainment program, in addition to the previously announced features, there will be a luncheon and style show at the South Shore Country Club Sept. 11. Busses will leave from the 8th street entrance of the Stevens hotel at 11:30 a. m. Ladies are asked to register at the ladies' lounge in the Stevens for this affair.

On Wednesday afternoon a matinee has been arranged at the Shubert theatre. Tickets have been procured for "South Pacific" and will be available to lady registrants. In addition, all ladies are invited to attend the America Fore cocktail hour Tuesday, and also to attend the Underwriters Laboratories "open house" scheduled for 10 a. m. Tuesday.

The hour-by-hour timetable for the meeting follows:

Friday, Sept. 7, 2 p. m., executive committee, J. F. Van Vechten, chairman.
Saturday, Sept. 8, 9 a. m., continuation executive committee meeting; also at 2 p. m. Saturday and 9 a. m. and 2 p. m. Sunday.
Sunday, Sept. 9, 8:30 p. m., special showing National Board's new film, "Fire Safety of the Farm." Showing of Encyclopaedia Britannica film, "Fire Prevention in the Home." Showing of Inland Marine Underwriters Assn.-N. A. I. A. film, "Found Money."

Monday, Sept. 10

Territorial conferences:
Eastern, south ballroom, third floor, Edwin S. Cowles, Jr., Hartford, chairman, presiding.

Southern, north ballroom, third floor, L. E. Woodbury, Jr., Wilmington, N. C., chairman, presiding.

Midwest, grand ballroom, second floor, J. L. Ashton, Milwaukee, chairman.

Far West, west ballroom, third floor, Ralph D. Callister, Salt Lake City, chairman.

Rocky Mountain, room 3, third floor, Foster L. Fritchle, Colorado Springs, chairman.

2 p. m., National board of state directors, north ballroom, Melvin J. Miller, president, presiding. Tentative agenda: In part: Consideration of policy recommendations in standing and special committee reports referred to the board by the executive committee. Report of Washington office. Report of N.A.I.A. practices committee. Report of emergency committee on present and proposed gradation of boiler and machinery expenses. Report on annual convention of National Assn. of Insurance Commissioners, agents and brokers licensing law. Resolutions from Midwest Territorial Conference on (a) reducing expense operations of agents and companies and (b) reestablishing a rural agents committee. Report of current activities of Motors Insurance Corp. licensing automobile dealers as agents. Packing insurance plans of state auto clubs. Directors Poulson of Idaho and Miller of Montana reporting. Reports of resolutions and nominations committees. Election of two members of the board to the executive committee.

3 p. m., opening general session, Melvin J. Miller, presiding.

Invocation, Rt. Rev. Msgr. George A. Parker, pastor St. Phillip Neri Church, Chicago.

Welcome, Edgar O. Stoffels, Chicago, chairman honorary convention committee.

Recognition of past presidents. Report of the administration. President's citations for achievements. Address: "The Communist Menace to

America," Martin Dies, former congressman from Texas and former chairman of the House un-American activities committee.

8:30 p. m., National board of state directors.

Tuesday, Sept. 11

8 a. m., Education and research breakfast conference for local and state association secretaries and managers, west ballroom, third floor, Ernest F. Young, Charlotte, N. C., chairman.

9 a. m., National board of state directors.

10:30 a. m., New developments forums: Deductible insurance—F. W. Wrenn, manager fire department, Chubb & Son, New York assisted by L. E. Woodbury, Wilmington, N. C.; Arthur M. O'Connell, Cincinnati, chairman N.A.I.A. property insurance committee. Questions from the floor.

Casualty trends—J. F. Nicolls, Houston, chairman N.A.I.A. casualty insurance committee, and James M. Cahill, secretary National Bureau of Casualty Underwriters.

Local agents conferences for large city, medium city, and rural and small city agents:

Group 1, large city agents, grand ballroom, Emil L. Lederer, Chicago, presiding.

1. Civilian defense, John J. O'Toole, St. Louis, chairman N.A.I.A. fire safety committee.

2. Research and service office proposal, H. H. Corson, Nashville, chairman N.A.I.A. research and service office committee.

3. Round-table discussions, Ray A. Duftus, Rochester, N. Y.

4. Comprehensive rating plans for war risks, Ralph Howe, Richmond, Va., and Holton Price, Jr., St. Louis, president National Assn. of Casualty & Surety Agents.

5. Personnel, production and profits, Walter M. Sheldon, executive vice-president W. A. Alexander & Co., Chicago.

Group 2, medium city agents, south ballroom, L. Allen Beck, Denver, presiding.

1. Efficiency, profit and prestige, Ernest F. Young, Charlotte, N. C., chairman N.A.I.A. educational committee.

2. Agent's part in legislation, Arthur B. Fair, Natick, Mass., chairman N.A.I.A. legislation committee, and Maurice G. Herndon, N.A.I.A. Washington representative.

3. Traffic safety plans, Reginald L. Price, Charlotte, N. C., chairman N.A.I.A. accident prevention committee.

4. Review of hospital inspection program, John J. O'Toole, St. Louis, chairman N.A.I.A. fire safety committee.

5. Multiple line underwriting and package policies, a discussion led by L. Allen Beck, Denver.

Group 3, rural and small city agents, west ballroom, Louis E. Woodbury, Jr., Wilmington, N. C., presiding.

1. Farmers comprehensive liability policy, Harold C. Aulenbach, Reading, Pa., vice-president Pennsylvania association.

2. Community accident prevention, Sidney E. Nelson, Racine, Wis.

3. Education and you, the agent, H. Sage Adams, New Haven.

4. Short cuts save dollars, Robert Burns, Washington, D. C.

5. How to increase your agency volume, discussion led by L. E. Woodbury, Jr.

3:30 p. m., national board of state directors.

5:30-7 p. m., cocktail hour, America Fire group, grand ballroom.

9 p. m., dance, sponsored by Millers National and Illinois Fire, grand ballroom.

Wednesday, Sept. 12

9 a. m., national board of state directors.

10:30 a. m., production and public relations program:

A walk down Main Street, John P. Madigan, assistant New York manager of Maryland Casualty.

It's easy when you know how, J. Kenneth Cormack, Providence.

Meeting the automobile accident problem, J. Dewey Dorsett, general manager Assn. of Casualty & Surety Companies.

Molding public opinion, Thomas A. White, assistant counsel Employers group.

12 noon, buffet and executive session national board of state directors, meeting as nominating and resolutions committee, north assembly room.

2:30 p. m., general session, grand ballroom.

Award of oil painting, "The Covered Wagon," by Charles E. Freeman, secretary Springfield Fire & Marine.

Award of "Syracuse China" by Forrest H. Witmeyer, president of Excelsior.

Award of tractor-trailer truck, Jack

Significance of Latest FTC Probe Is Weighed

U. S. Agency Has Eyes on Wind Underwriting Practices

WASHINGTON—Possible violation of the anti-trust laws may be involved in connection with federal trade commission survey in the Chicago area of the alleged practices of stock fire insurance interests with respect to windstorm coverage, commission officials say.

While an individual company may be free to accept such risks as it chooses, it was said, if a group of them do so by agreement, the question of possible conspiracy to restrain trade would arise.

Officials would not say whether complaint has been received by the commission of the alleged practices which led up to the survey. However, they did say THE NATIONAL UNDERWRITER story about the Chicago survey is "not without foundation."

But what is back of it or what it may lead up to, they declined to say.

Public law 15 provides in substance for exemption of insurance from anti-trust laws to the extent it is regulated by the states, except that boycott, coercion and intimidation are not so exempt. FTC is inclined to construe "regulation" on a factual basis, rather than on the basis of a good regulation law but which is not adequately administered or enforced.

Besides complaints involving particular companies, personalities or situations, FTC has been studying or investigating ocean and inland marine and reinsurance lines in which there is more or less freedom from rate regulation.

Hanson Joins N.A.I.A. Staff

NEW YORK — George S. Hanson, member of the New York state bar, formerly in charge of inland marine claims here for National Fire, has joined the staff of the National Assn. of Insurance Agents as assistant to the secretary and general counsel.

Mr. Hanson, who received his law degree from University of Washington, has concentrated on handling insurance claims. He worked on inland marine claims with General Adjustment Bureau, and before that was an adjuster handling casualty claims at Tampa, Fla.

He served in the navy during the war, during the war.

Selde, Babaco Alarm Co. Presentation of awards: California association mileage cup, Des Moines attendance cup, Connecticut association membership trophy, Sparlin cup, highway safety contest awards of Assn. of Casualty & Surety Companies, and Woodworth memorial.

Resolutions. Election of officers. Address: "Selling to Defend America," Ralph W. Carney, vice-president Coleman Co., Wichita, Kan.

7 p. m., annual banquet. Installation of officers, John C. Stott, Norwich, N. Y., past president, special installing officer.

Oath of office by Edward J. Dirksen, assistant director of insurance of Illinois. Entertainment, courtesy of Continental Casualty and Continental Assurance.

Thursday, Sept. 13

9 a. m., national board of state directors, if necessary.

10 a. m., open house at Underwriters Laboratories.

Fireman's Fund Has \$9 Million Gain in 6 Months

Fireman's Fund group in the first six months of 1951 had net premium writings of \$68,483,000 as compared with \$59,055,000 for the same period in 1950, according to the interim report to shareholders.

Net investment income amounted to \$2,940,000 as compared with \$2,549,000 in 1950. Underwriting profit was \$77,000 compared to \$3,501,000. Unearned premium reserve increase was \$8,249,000 compared with \$4,411,000. Adjusting for a 35% equity in the increase in unearned premium reserves, the adjusted underwriting gain was \$2,957,000 against \$5,038,000 in the same period last year.

Despite the reduction in underwriting profit, earnings per share of common stock, including shareholders' equity in unearned premium reserve, after estimated federal taxes were \$2.45 as compared with \$2.63 for the first half of 1950. The decline in underwriting earn-

ings was offset in part by reduced tax liabilities.

As of June 30 assets were \$252,571,404; reserve for unearned premiums, \$99,880,439; reserve for losses and loss expense, \$61,668,972. These latter two items were offset by cash of \$18,020,854, and bonds, principally government, of \$158,862,276. Shareholders' equity, including 35% of the unearned premium reserve, amounted to \$55.01 per share, as against \$52.21 as of June 30, 1950.

Confirm Navarre in Mich.

LANSING, MICH. — The Michigan senate, in special session to consider several emergency matters, confirmed Joseph A. Navarre, as insurance commissioner to succeed David A. Forbes. As yet the new commissioner is merely filling out his predecessor's four-year term which would not have expired until October.

N. J. Approves A.E.C.

Fire Insurance Rating Organization of New Jersey has announced approval by the state insurance department of the additional extended coverage, effective Sept. 1.

Hearing Held in Florida on Higher Windstorm Rates

MIAMI — While the season's first hurricane raged a few hundred miles off Miami's gold coast, Commissioner Larson of Florida received proposed new higher rates for windstorm coverage from Florida Inspection & Rating Bureau.

Under the new proposal, insurers would not be liable for outside paint damage. Present and proposed rates per \$100 of insurance for structures east of the inland waterway in eight counties from Titusville to Key West are as follows:

Dwellings and contents—Fire resistive, proposed 75, present 70; semi-fire resistive, proposed 85, present 80; all other construction, proposed \$1.10, present \$1. Apartments, hotels and contents—Fire resistive, proposed \$1.80, present \$1; semi-fire resistive, proposed \$2, present \$1.10; brick, proposed \$2.10, present \$1.25; frame, proposed \$2.25, present \$1.40.

Mercantiles—Fire resistive building, proposed 75, present 65; contents, proposed \$1, present 90; semi-fire resistive building, proposed 85, present 75; contents, proposed \$1.10, present \$1; mill building and contents, proposed \$1.20, present \$1; brick building and contents, proposed \$1.40, present \$1.15; frame building and contents, proposed \$1.80, present \$1.35.

Letters and telegrams of protest were sent to a hearing held Friday at Tallahassee by Miami Beach Hotel Assn., Apartment Owners Assn., and the city council.

Harry Cohen, chairman of the insurance committee of the Miami Beach Hotel Assn., has been elected president of that group, but will also continue as head of the insurance committee.

At the hearing, R. P. Goodloe, manager of Florida Inspection & Rating Bureau, said that between 1924 and 1949 insurance premiums on windstorm insurance in Florida totalled \$77 million, and claims \$56 million. This meant that 72 cents of every premium dollar was returned in claims, and that commissions, taxes and operating costs were greater than the remaining 28 cents. Flamen Adae, representing Greater Miami Insurance Board, said that companies could not be expected to continue writing windstorm coverage at a loss.

Boston Insurance Phone Directory Now Available

The 1951 Boston Insurance Telephone Directory is now ready for delivery. Copies may be obtained for \$1 from the National Underwriter Co., 420 East Fourth street, Cincinnati, O.

Larson Slated for New Head of Oregon Agents

The nominating committee of Oregon Assn. of Insurance Agents has recommended the election of Harold B. Larson, Portland, now chairman of the executive committee, as president. The nominating committee report has to be released to the membership at least 30 days before the annual meeting, which will be held at Baker Aug. 25.

In line for the presidency next year, if the recommendations are followed, will be Phil Gould of the Lumbermen's Insurance Agency, Bend, who has been nominated for chairman of the executive committee. Charles H. Huggins of Salem, outgoing president, has been nominated to succeed Harold S. Hays, Portland, as national director.

Minn. Three-City Group to Confer on Problems

ST. PAUL — Four important questions affecting local agents of Minnesota's three largest cities — St. Paul, Minneapolis and Duluth — will be considered at a closed meeting here Aug. 31 at the time of the annual meeting of

Minnesota Assn. of Insurance Agents. Only members of the local boards of those three cities will attend. On the agenda are municipal and public insurance; the mixed agency situation; excess lines; insurance legislation and insurance department relations.

This special meeting is being sponsored by Insurance Agents Assn. of St. Paul and Edward J. Bachman, president of that association, will preside.

Plan Michigan C.P.C.U. All-Industry Luncheon

The Michigan chapter of C.P.C.U. will sponsor an all-industry luncheon Sept. 19, at Detroit, and this will be the occasion for the conferment of the C.P.C.U. designation on the 11 Michiganders who have qualified for the designation. It is expected that some 600 persons will be present to witness the awarding of diplomas and hear a talk by Guy T. Warfield of Baltimore, trustee of the American Institute.

McNutt C.P.C.U. Speaker

Paul V. McNutt, former high commissioner and first U. S. ambassador to the Philippines, will be keynote speaker at the conferment ceremonies of the Pacific C.P.C.U. chapter at Los Angeles Sept. 27. He will speak on "American Insurance Abroad." Mr. McNutt is general counsel and a director of American International Underwriters, a director of United States Life, American International Assurance, Hong Kong, and chairman of Philippine-American Life, Manila.

Georgia School Sept. 5-7

The annual school, conducted jointly by Georgia Assn. of Insurance Agents, Fire Insurance Fieldmen's Club, Atlanta Casualty & Surety Assn. and Mariners Club, will be held at University of Georgia, Athens, Sept. 5-7.

It will follow the successful pattern of last year. Fire and allied lines will be presented the first day, casualty and surety the second, and inland marine the third day.

Chattanooga Agency Sold

The L. W. Rhodes agency of Chattanooga, founded 26 years ago by Mr. Rhodes, has been purchased by Ted Nelson, Sr., and Ted Nelson, Jr. The announcement was made at a dinner at which Mrs. Bonnie Varnell, office manager of the agency for 19 years, was honored. Guests included C. F. Zehnder Jr., J. S. Hill and D. Cliffe Stone, Jr., Nashville agents.

U. S. Chamber Meeting Oct. 4

WASHINGTON—The U. S. Chamber of Commerce insurance committee has been called to meet here Oct. 4. Insurance Department Manager A. L. Kirkpatrick, just back from a long vacation, will get to work on an agenda for the meeting.

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Iris Insurance Company (Est. 1914)
Atlantica Insurance Company (Est. 1916)
LONDON and EDINBURGH Insurance Company, Ltd., London, England. (Est. 1919)
Arendal Assurance Company, Limited, Arendal, Norway. (Est. 1860)
RIVER THAMES Insurance Company, Ltd., London, England. (Est. 1948)
RIVER CLYDE Insurance Company, Ltd., London, England. (Est. 1948)
BRITISH COMMERCIAL Insurance Company, Ltd., London, England. (Est. 1908)
LLOYD MAROCAIN d'Assurances (Est. 1940)
Compagnie AFRICAINE d'Assurances (Est. 1950)

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Dwelling Underinsurance Shows Up in Loss Analysis

The problem of insurance to value in the dwelling class is impressively illustrated in an analysis of 427 claims paid in two months this summer in a mid-west state. The dwellings were located in several towns and cities. A number of the dwellings were financed through FHA and therefore presumably insured to value.

The analysis, made by an enterprising field man of one company group, follows:

| Amount of insurance | Less than \$2,500 | \$2,500 to \$4,999 | \$5,000 and over | Total |
|--|-------------------|--------------------|------------------|-----------|
| Number of dwellings under which claims were paid..... | 136 | 136 | 155 | 427 |
| Adjuster's estimate of value of dwellings insured..... | 540,050 | 828,600 | 1,615,150 | 2,983,800 |
| Average value per dwelling..... | 3,970 | 6,092 | 10,420 | 6,988 |
| Insurance on Dwellings..... | 217,460 | 464,850 | 1,127,500 | 1,809,810 |
| Average insurance per dwelling..... | 1,599 | 3,418 | 7,274 | 4,238 |
| % Insurance to value..... | 40.3 | 56.1 | 69.8 | 60.6 |
| Amount of claims paid..... | 14,819.14 | 18,983.26 | 37,759.90 | 71,562.30 |
| Average amount per claim..... | 108.96 | 139.58 | 243.61 | 167.59 |
| Amount of loss paid per \$1,000 of insurance..... | 68.15 | 40.85 | 33.49 | 39.54 |

| Adjuster's Estimate of value of dwelling | Number of Dwellings | % of Total value | No. insured for less than 50% |
|--|---------------------|------------------|-------------------------------|
| Up to \$1,000 | 2 | .5 | 0 |
| \$1,001 to \$1,500 | 6 | 1.6 | 2 |
| \$1,501 to \$2,000 | 13 | 3.1 | 0 |
| \$2,001 to \$2,500 | 14 | 3.1 | 7 |
| \$2,501 to \$3,000 | 16 | 3.7 | 4 |
| \$3,001 to \$3,500 | 9 | 2.2 | 4 |
| \$3,501 to \$4,000 | 39 | 9.2 | 9 |
| \$4,001 to \$5,000 | 75 | 17.7 | 22 |
| \$5,001 to \$6,000 | 45 | 10.6 | 15 |
| \$6,001 to \$7,000 | 36 | 8.6 | 4 |
| \$7,001 to \$8,000 | 36 | 8.6 | 11 |
| \$8,001 to \$9,000 | 26 | 6.1 | 9 |
| \$9,001 to \$10,000 | 45 | 10.5 | 5 |
| \$10,001 to \$11,000 | 7 | 1.6 | 2 |
| \$11,001 to \$12,000 | 19 | 4.5 | 5 |
| Over \$12,000 | 36 | 8.6 | 7 |
| Total | 427 | 100 | 104 |

It is notable that approximately 25% of the dwellings in the study were insured for less than 50% of the value placed on the dwellings by adjusters. Only about 25% of the number of dwellings were estimated to be worth less than \$4,000. The much larger amount of loss per \$1,000 of insurance on dwellings where the insurance is low also is impressive.

Almost all analyses of this kind reveal substantially the same facts, that practically all dwellings are greatly underinsured, that losses represent a much greater proportion of the insurance where the amount of the insurance is small, and that failure to get insurance to value considerably distorts the realism of any rating system.

Ways of Meeting Problem

A number of ways of meeting the problem have been discussed. One field man who has looked into the problem suggests and has discussed with other field men the possibility of setting up a minimum amount of insurance, say \$2,500. The company would issue no policy for less than that unless the agent has and gives a reason why the policy should be issued for a lesser amount. Determination of a minimum insurance figure might be troublesome, since \$2,500 is low for some areas but might

be satisfactory for others. However, the idea is an interesting one and might be a good deal more practical than any form of coinsurance requirement on the dwelling class.

Other suggestions include the regular circularization of agents, possibly four times a year, pounding home the necessity for an increase in insurance, and the furnishing to agents of promotional material to help them in their effort to

increase insurance to value.

Another idea that has had some success, the success depending up on the

amount of effort and enthusiasm expended in executing it, is for the field man to talk with his agents, perhaps take the agent out to look at properties he has insured for \$1,500, and even go over his agency books. Many field men claim that the latter procedure will invariably reveal many cases of underinsurance that will be obvious at a glance, since hardly anything with a roof on it and a floor in it can be built these days for less than \$2,500, anywhere.

Far West Conference Sets Up Chicago Meeting Agenda

The Far West Agents Conference has planned a two-hour session for its meeting at the time of the N.A.I.A. convention at Chicago. Ralph D. Callister, Salt Lake City, is chairman. The agenda includes reports of the executive committee meetings on installment and annual premium payment plans, and the one-write fire policy format; progress report on resolutions adopted at the April annual meeting at San Francisco with respect to appointment of a field man on safety education in the far west states, effective and stop-date rules on auto rate changes, depreciation insurance proposed changes, including re-

moval of on-site requirement, fictitious group insurance, adoption of a single mortgage clause form, unemployment compensation disability insurance and deductibles applicable to new forms.

The Menn Award for the far west association doing the best public relations job will be presented at the Chicago meeting.

Beard to Address "Ad" Men

William K. Beard, Jr., president of Associated Business Publications, will be one of the speakers at Insurance Advertising Conference annual meeting at Shawnee-on-the-Delaware, Sept. 16-18. He has been in the publishing field since 1924, largely with McGraw-Hill, where he was vice-president in charge of promotion and research activities at the time he became president of the A.B.P.

Shaw Named by Western

E. L. Shaw, Jr., has been appointed inland marine supervisor at Milwaukee for Western Adjustment. He has been with the organization for a number of years in the inland marine department, and before going to Milwaukee three years ago, was with Western at Detroit.



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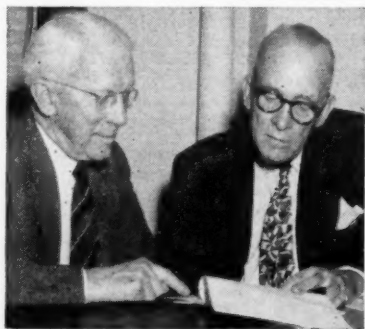
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Samuel P. Rodgers, vice-president of Globe & Rutgers and of State of Pa., is here pictured in conference with Samuel T. Johnson, Chicago manager, during Mr. Rodgers' recent visit to Chicago.

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Three Unusual Salvage Operations

An unusual salvage operation was described in a letter from Underwriters Adjustment Bureau, Montreal, to the Airkem Sales & Service. A fire occurred in the cafeteria of a large food manufacturing establishment, resulting in a physical loss of approximated \$250,000. The merchandise consisted of bread, cakes, biscuits and candies, which were affected by smoke, water and dampness. Total insurance on the building and contents was well over \$3 million.

The fire occurred about 6:30 in the evening and the adjuster was notified the same evening. A preliminary survey was made and the following day Airkem was called in to discuss the problem represented by almost 250,000 pounds of finished goods, packaged and otherwise, as well as difficulties in the situation presented by some \$40,000 worth of corrugated cartons which had been exposed to heavy smoke. Insured was much concerned about its excellent reputation. The cartons and finished goods were treated by Airkem over the weekend, after which the finished goods, much of them affected by moisture, were released to salvage factors as perfectly fit for consumption and the cartons were put

into immediate use.

The entire plant was shut down for an absolutely minimum period of time and no smoke odor loss was allowed on the large stock of cartons. The cost of the Airkem was slightly more than \$1,000 and the saving was possibly as much as \$40,000.

Baltimore Furniture Store

In another case, merchandise damaged consisted of a variety of soft goods, hard goods and electric appliances, exceeding in value \$100,000. A fire occurred in the boiler room of a large Baltimore furniture store and actual damage as a result of the fire was negligible. However, heavy smoke odors permeated the four floors of the building.

Utilizing the air conditioning system and their own portable equipment, Airkem service men, on the job shortly after the insurer was notified, treated the premises. By 1 p.m. customers entering the store were unaware of smoke odor. This was Saturday. On Monday, after continuing Airkem treatment on Sunday, the premises were 100% smoke odor free. The fire occurred during the pre-Easter shopping rush. The cost of the Airkem service was \$605 and potential minimum loss was \$10,000 to \$12,000.

Another case involved a fire adjacent to a haberdashery store in Vineland, N. J. Heavy smoke poured through all the three floors of the haberdashery which contained \$83,000 worth of soft goods. Smoke odors had penetrated the merchandise. Since most of the stock had been ordered in anticipation of the Christmas rush, it was important to remove the smoke odor as quickly as possible. Airkem treatment resulted in settlement of the loss on the basis of actual discoloration for about \$14,000, effecting an estimated saving of more than \$30,000. The cost of the Airkem was \$315.

Farewell Party for Villar Given at San Francisco

SAN FRANCISCO—A large gathering of insurance executives and civic officials were in attendance at a farewell party given for Ceferino Villar, insurance commissioner of the Philippines. Mr. Villar is completing a three-month tour of the United States, during which he attended the annual meeting of National Assn. of Insurance Commissioners, and visited many executives of companies operating in the islands.

Hosts at the party were executives of the San Francisco staff of American International Underwriters. Representing Commissioner Maloney who is currently vacationing, was State Senator Thomas Maloney, prominent San Francisco broker and father of the California commissioner. Representing the Philippine government was Consul General Benigno A. Pidlauan.

Two More Offices in Japan

North America has opened two new offices in Japan at Osaka and Yokohama. The company last year opened a service office at Tokyo. William A. Carr is manager for the Far East. Donald MacGregor will be in charge at Osaka and R. Fenwick Miller will be in charge at Yokohama.

N.I.S.A.O. Names Harry Perlet

NEW YORK—Harry Perlet has been appointed general manager of National Insurance Service & Advisory Organization. He has had a wide and varied insurance experience. After graduation from the fire protection engineering course at Illinois Institute of Technology he was with Ohio Inspection Bureau. During the war he was with the joint army-navy explosive safety board and the safety and security division. Following the war, he was employed by Western Actuarial Bureau and in 1947 was appointed chief of the rating section of the Ohio department. After setting up an organization to administer the fire, casualty and inland marine rate laws, he became assistant manager of the insurance department of U. S. Chamber of Commerce. Recently he has been associate general counsel of Factory Mutuals. He is a member of the fire insurance law committee of American Bar Assn.

N.I.S.A.O. is designed to operate in a dual capacity. One function will be to process multiple location risks for the companies which use the so-called independent plan. Its second function, which will be separate and distinct, will be to act in an advisory capacity with respect to policies where combinations of specified perils are desired.

The organization is temporarily located in room 1508 at 80 Maiden Lane, New York 38.

July Fire Loss Brings Year's Total to \$439,641,000

July fire loss estimated by the National Board at \$52,200,000, makes the total for the first seven months of 1951 \$439,641,000. The July total was 1.4% below the estimate for July, 1950, but the 1951 record is still \$19 million higher than the comparable record for 1950.

Losses by month for 1951 and the two preceding years are:

| | 1951 | 1950 | 1949 |
|-------|-------------|-------------|-------------|
| Jan. | 68,686,000 | 58,323,000 | 57,926,000 |
| Feb. | 69,136,000 | 58,340,000 | 62,424,000 |
| March | 71,507,000 | 72,468,000 | 67,218,000 |
| April | 62,965,000 | 61,605,000 | 55,162,000 |
| May | 58,744,000 | 58,765,000 | 54,162,000 |
| June | 56,403,000 | 57,116,000 | 51,787,000 |
| July | 52,200,000 | 52,980,000 | 49,592,000 |
| | 439,641,000 | 420,097,000 | 398,271,000 |

Little Yet on Jamaica

NEW YORK — No definite information is available here so far on the hurricane loss in Jamaica except that the damage was heavy. Most of the property there is insured, and the British market gets most of it. People are used to hurricanes there and most property is constructed to resist heavy wind. Residents had plenty of warning so they could batten down but the wind was more violent than in many storms they get.

Women Meet at St. Louis

The mid-year meeting of the executive committee of National Assn. of Insurance Women has been set for Oct. 13-14 at St. Louis. St. Louis Insurance Board will be host at a breakfast Oct. 14.

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Landis Outlines Multiple Problems of All-Risk Property Insurance

Tells Counsel Federation Big Question Is Extension Into Liability Contract

Milford L. Landis, counsel of Central Mutual of Ohio, addressing Federation of Insurance Counsel this week at Chicago, outlined some of the aspects of "all risk" insurance and the problems that have arisen with the introduction of this idea to the property insurance field.

Some patterns of insurance practice in the United States are now undergoing rapid change, Mr. Landis declared. Fire underwriters have called their policies by the hazard or peril insured against—like fire, windstorm, earthquake, explosion or sprinkler leakage policies. Marine underwriters have called them by the kind of property covered—like hull, cargo, camera, fine arts. Casualty underwriters have called them by the profession, occupation or activity of the insured—like physicians and surgeons, dentists and druggists, manufacturers and contractors, golfers, owners, landlords and tenants, except where they covered direct loss—like glass breakage, burglary and boilers and machinery.

This three-way practice of naming policies has been sufficiently formidable for the insuring public but now are added the words "package," "householders," "manufacturers output," "comprehensive," "multiple peril" and "all-risk," giving real cause for concern over the probable confusion or frustration of the public, the courts, and the industry.

Asks Embezzlement

In Levy vs. American Mutual Liability decided in 1950 by Maryland court of appeals a policyholder was confused, and sought to recover for alleged loss of profits when an employee had used a scheme to divert orders from established customers to himself. The employer-insured claimed loss of profits in excess of \$13,500 under a "comprehensive crime policy," which he urged was a broad one, as indicated by its name; that it was designed to fit all of the needs of people in business and, in the event of any doubt, must be construed strictly against the insurance company.

In Republic Ins. Co., vs. French, decided by the U. S. court of appeals, an agent or a company was confused. Katherine French, just prior to leaving for a trip to Mexico City, asked her uncle in Dallas to obtain insurance on her personal property while on the trip. The uncle contacted a Dallas agency, which in turn contacted an Ardmore, Okla., agency, where Miss French was living at the time. As a result, the Ardmore agency wrote Miss French a letter stating:

Bind "All Risk" Cover

"We are today binding all-risk insurance for you in the Republic as follows: \$14,925 on scheduled jewelry; \$8,500 on furs; \$5,000 on clothing only while away from the above premises. Policy to be issued as soon as proper appraisal is received."

Furs and clothing, having a value of several thousand dollars, were stolen from Miss French's station wagon while it was standing in front of a hotel in Mexico City, and before the policies were issued, or in any event, before they were delivered. The furs were recovered by Mexico City police but the clothing was not.

Later, two policies of insurance were delivered. One was an all-risk floater policy covering the scheduled jewelry and furs. The other was an inland marine scheduled property floater policy covering clothing while away from home in the face amount of \$5,000 but except-

ing coverage for losses caused by theft or pilferage from an automobile unless securely locked, and then for no more than \$250 for any one loss. The company denied liability for any sum for loss of clothing, on the ground that the station wagon was not locked.

Must Give Binder's Worth

The court said that where the parties agree in writing upon specific terms of coverage, the company cannot avoid liability by issuing a policy which does not cover the risk contemplated by the binder. It cannot promise one contract and fulfill it with another. Despite the fact that the particular company did not care to issue the kind of policy promised, an all-risk policy covering

personal property at and away from home was available and could have been issued. There are other sidelights in the case, including other insurance in force but the case illustrates that the words used to describe insurance to be provided must be handled with extreme care.

In National Surety Marine vs. Failing, Texas supreme court, some judges were confused, particularly the court of appeals and one dissenting justice of the supreme court. The trial court gave judgment for the insurance company. The court of appeals found for the insured; but a majority of the supreme court affirmed the trial court judgment.

Failing owned certain drilling equip-

ment, which was used in testing and sampling subsurface mineral structures and which was permanently mounted on an automobile truck. While being used, cavities in the earth were encountered and it was decided to abandon drilling. While removing the drill stem from the well bore, the earth caved in and cratered. Failing's equipment sank into the crater and was lost. The lost equipment was scheduled in a transportation policy and was covered against those hazards named in the policy to the extent of \$3,000.

The policy provided that in case of loss, whether in transit or otherwise, all property scheduled was insured to an amount not exceeding \$25,000 in any one casualty. An endorsement tabulated 11 different kinds of risks or perils insured against. Cave-in or cratering was not one of them. The endorsement also listed seven exclusions.

The majority of the court said: "If the language insuring Failing's property 'in any one casualty' be construed to mean that he was insured against every conceivable casualty except those specifically excluded, there would have been absolutely no use to list eleven particular risks against which

(CONTINUED ON PAGE 23)

Kacey says:

"Business is rolling in my home town..."

thanks to the KANSAS CITY SPIRIT"

"Yes sir, you just can't get a good town down! When I see how Greater Kansas City has recovered from the recent flood ... in such a short time ... I'm more than proud that my company and I are namesakes of this wonderful community.

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"Already the factories are back at work. Traffic is flowing through the great rail terminals ... livestock and grain are pouring into the huge markets that feed the nation. Yes sir, business is really rolling in Kansas City. And that same Kansas City Spirit is hard at work

not only to prevent future flood damage, but to enlarge and expand its facilities for serving the country ... as a bigger, stronger, better Kansas City.

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Blue Goose Grand Nest Is In Session

Charles Beale Slated to Take Over as M.L.G.G. From Paul Fell

The Honorable Order of Blue Goose, International, is this week gathered at the Philadelphia rice fields for the grand nest convention. Charles L. Beale, Yorkshire, Dallas, is slated to be elevated to most loyal grand gander to succeed Paul M. Fell, Middle Department Rating Assn.

J. F. Miazza, General Adjustment Bureau, Dallas, will extend an invitation on behalf of the 750 members of the Texas ponds and puddles to hold the 1952 convention at Dallas. Texas has four ponds and three puddles.

Sam L. Sterling, independent adjuster of Winnipeg, is scheduled to succeed

Mr. Beale as grand supervisor. John Henry Martin, Standard Forms Bureau, San Francisco, will move up to grand custodian, and Alex B. Young, Hartford Fire, Kansas City, will become grand guardian.

Richard A. Kenzel, Northern of Lon-



J. F. Miazza



R. A. Kenzel

don, Milwaukee, perennial wielder, undoubtedly will be reappointed to that post. Mr. Kenzel's long experience in

Blue Goose matters also makes him an able master of ceremonies when the past most loyal grand ganders are introduced.

For the second year in a row there is a contest for the office of grand keeper, the candidates being William T. Murphy, General Adjustment Bureau, New York City, and Robert L. Wiseman, independent adjuster of Washington, D. C.

The convention program, as announced by Joseph R. Knowlan, general chairman, included a "get together" reception for early arrivals Monday evening, and on Tuesday there was the international golf tournament and a sight-seeing trip taking in Valley Forge. At the first convention session Wednesday morning, the Penn pond conducted a model initiation.

Ekern, Meyers & Matthias Is Dissolved, New Insurance Law Firm Organized

The Chicago law firm of Ekern, Meyers & Matthias has been dissolved by mutual agreement of the partners. Erwin A. Meyers and Russell H. Matthias will continue an insurance law practice in the present quarters at One North La Salle street under the firm name of Meyers & Matthias.

Herman L. Ekern, Hubert H. Naujoks, George L. Ekern and Cecil A. Johnson will announce their future plans shortly. Mr. Johnson will be associated with Meyers & Matthias as special counsel on federal matters with headquarters at Washington.

Ekern & Meyers was organized in 1915, and in 1924 the name was changed to Ekern, Meyers & Matthias. The firm has specialized almost exclusively in insurance law, representing companies and groups. The partners played a part in the enactment of early rate regulatory and fraternal and mutual laws, and participated in the work of the all-industry committee. The firm aided in the organization of many insurance companies, including State Farm Mutual Automobile, and has been active in the consolidation, merger and reinsurance of various companies.

Since 1915 it has practiced continuously before state insurance departments and other bodies having supervision over insurance operations and taxation. From time to time the partners have made special investigations for business, professional and trade groups.

Ill. Department Winds Up Chicago Lloyds Liquidation

Distribution of \$44,661 to creditors of the defunct Chicago Lloyds concludes the liquidation proceedings of that firm which have been handled since 1938 by the Illinois insurance department bureau of liquidations.

This was one of the first big companies to be liquidated under the new Illinois code governing such matters, and a number of precedents were established along the route.

Litigation determining the liabilities of underwriting groups, investigation of claims, and recovery on reinsurance took about 11 years. The first distributions of July and August bring an average return to creditors of 99%, and the department has paid 97.1 to 100% of all claims. A total of nearly 13,000 claims was filed in the proceedings for a total of approximately \$6 million.

In addition, the department returned \$221,851 to underwriters representing over-assessment. There were 185 underwriters participating in Chicago Lloyds.

Repeats Auto Cover Warning

A warning that automobile insurance companies in many instances are failing to stamp material damage policies which are pledged as collateral with mandatory wording to the effect that third party coverages are not contained in the policy, has been reiterated by Commissioner Sullivan of Washington, who

reminded companies that he issued a warning in January 1948 citing mandatory wording contained in the insurance code.

Fine and Tax Imposed on Syracuse Agency for Use of Unlicensed Insurers

The New York department has imposed the maximum fine of \$500 on the firm of Davis & Reder, Syracuse, for placing insurance with unlicensed insurers. In addition, the firm has been directed to pay \$313 to the department, representing the 3% on premiums written in the unauthorized insurers.

This is the first time the department has imposed a tax penalty as well as a fine on a producer for doing business with unlicensed companies. The department charged that the state was defrauded of the tax because the respondent was not licensed as an excess line broker nor did he place the business through a licensed excess line broker.

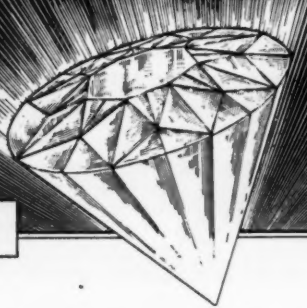
The agency placed business in General Mutual Fire & Reinsurance and Valley Forge Mutual Fire, both of Philadelphia. Officers of the firm include Violet E. Reder, president and secretary; Everett B. Price, vice-president, and Charles W. Coombs, treasurer.

Schinnerer New Chairman

WASHINGTON—Victor O. Schinnerer, new president of Insurance Agents Assn. of Washington has been named to succeed V. Manning Hoffman as chairman of the insurance committee of Washington Board of Trade. Mr. Schinnerer has been active on the committee since 1940. He was chairman of its casualty subcommittee in 1947-48 and chairman of its marine subcommittee in 1950-51.

Dr. Muehl on Conn. Card

E. W. Muehl, professor of public speaking at Yale divinity school, will be a speaker at the meeting of Connecticut Assn. of Insurance Agents at New Haven, Sept. 25 on "Speaking Effectively to the Prospect." He was an instructor last week at the Insurance Agency Management School at Storrs, Conn.



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Calls Agent Service Main Attraction To the Buyer

Russell B. Gallagher, insurance manager of Philco Corp., speaking at the West Virginia agents' meeting at White Sulphur Spring this week, laid heavy stress on agents' service as the feature that most attracts a buyer to an agency.

Cost is seldom the real reason for a prospect refusing to buy proposed insurance, Mr. Gallagher said, and is seldom the reason why one agent is rejected and another accepted. The real reason, he declared, is in the buyer's inability to understand his own situation and his dissatisfaction with the service he has received from his present agent. Failure of the insurance company to acquire its responsibilities fully is considered an agent's failure by most buyers, he added.

Contract Backed by Service

A truly comprehensive contract, backed by the service of an agent, and eliminating the possibility of loss may be an inexpensive contract, regardless of its price, Mr. Gallagher said. A contract which has little of the service aspect and does nothing more than indemnify may be the most expensive type of insurance. The average business man, he added, would far rather continue to pay insurance premiums than have a single loss to disturb his business.

Mr. Gallagher, in urging the agent to be thorough and courageous enough to tell a buyer when he is asking too much or taking too little, said the same procedures are required when the agent deals with his company. He referred to a philosophy which he said has sprung up in recent years from the desire of some companies to reduce expense. The companies, Mr. Gallagher charged, have decided that certain types of claim need no investigation. One class will not be paid, and the attitude is why investigate when there is no intention of paying. Another group is not investigated because the claim will be paid anyway. There is a third group which must be looked into because substantial payments may be required if that is not done. The effect of this philosophy, Mr. Gallagher observed, is that the public very quickly gains the impression that the insurance business is little more than a racket, when claims, reasonable to them, are neither discussed, paid nor declined. This in turn reflects on the agent who is the seller of insurance.

Retrospective Implication

"I will not suggest that the current trend toward retrospective rating has anything to do with the procedure because that would be imputing deliberate fraud to those who formulate these policies," Mr. Gallagher said. "I will say, however, that the failure to investigate claims under a retrospective rating plan comes so close to breach of contract that, to my personal knowledge, in at least one instance an insurance company was very definitely threatened with suit."

Mr. Gallagher had some advice for the agents on how they should go about analyzing a large account. He pointed out that one of the factors buyers consider with any agent is whether his office has depths of personnel. Is there anyone capable of carrying on in the agent's absence? The knowledge of an office should not be held only by the proprietor, and if he is afraid to train a young man as an assistant, or feels he cannot afford to, he should at least train his stenographers and clerks to carry on in his absence. If there is not such depths of personnel in an office, Mr. Gallagher warned, the clients may decide that "good old Joe" may always have given good service, but being alone in his operations he might walk in front of a truck or just decide to quit the business and that prospect is not alluring to the buyers. This does

not mean that buyers want to deal with the largest brokers they can find but they do want more than one man to know their insurance problems.

Minnesota C.P.C.U. Course

A Part 2 C.P.C.U. course is being offered at University of Minnesota this fall, sponsored by the Minnesota C.P.C.U. chapter. Classes begin Oct. 1. The course is open to all who have completed Part 1 examinations and to those whose qualifications have been approved by the educational committee of the Minnesota chapter.

New Two-County Wis. Board

Grant-Crawford Assn. of Insurance Agents was organized at a meeting of local agents of two counties, held at Prairie du Chien, Wis. This is the 48th local association in Wisconsin. Miles Thompson, Lancaster, is president; Fred Gates, Prairie du Chien, vice-president, and Robert Brechler, Fennimore, secretary.

Kenneth Blodgett, a partner in the Berry & McGuire agency, Hutchinson, Kan., has sold his interest to Joe McGuire and gone with the Charles Hilteary real estate firm.

Lloyds Becoming More Selective on U. S. Business

MIAMI — Future efforts of Miami Beach hotel owners to place windstorm coverage with Lloyds may not be successful, according to a report brought back from London by a well-known American insurance executive.

"Experience on American business is considered very bad, and Lloyds underwriters are greatly concerned with the future course of their writings in the United States," says this executive, who visited Lloyds recently as an observer, as his company writes no fire or windstorm insurance.

"American reinsurance treaties which have come up for renewal since Jan. 1, 1951, have been continued on binder only, subject to later agreement as to premium rates and conditions. Lloyds underwriters are concerned with the requirement of providing American dollars over and above the dollars they have collected in premiums, due to losses exceeding premiums.

"The great attraction in recent years

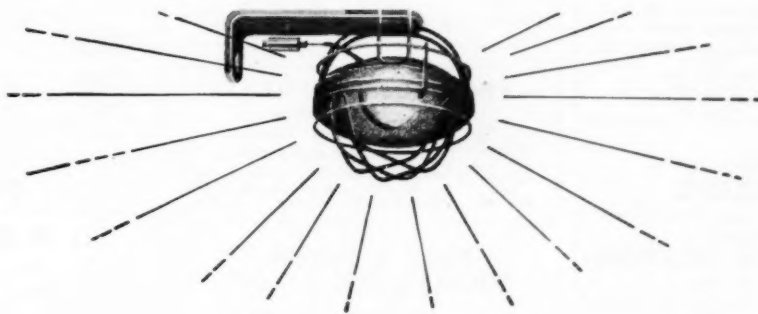
of American business for Lloyds underwriters has been the securing of dollars which are so urgently needed in the British economy. Finding themselves in a reverse position as respects the dollar market is therefore causing great concern.

"The world-wide business of Lloyds outside the United States is proving quite profitable, with premium writings substantially up. This increase in premiums outside the United States, on top of greater demands for coverage from the United States, has placed the British companies and Lloyds in the position of being unable to handle all the business offered and of being selective on what they do accept."

The fact that Miami Beach risks have not always played fair with the insurance companies was also suggested as a reason for high loss ratios. According to reports in London, some of the hotels have reconditioned their buildings, putting in claims larger than the storm damage involved.

"A 10%, or even 20% deductible clause may well be incorporated in future contracts," according to this report.

The Jack Cage & Co. agency, San Antonio, is now the Gullledge & Gastring agency. O. Z. Gullledge and O. B. Gastring are the members of the firm.



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Casualty People Submit Amendments to War Damage Bill

A committee representing casualty interests submitted amendments to the war damage draft bill at an informal conference with staff representatives of the senate banking committee and budget bureau.

Some of the amendments designed to

clarify title 11 of the bill relating to workmen's compensation reportedly received unofficial approval. Others were not agreed to because they reportedly entailed departure from the policy of the bill.

Staff members explained they had no authority to change that policy, but it was suggested the Frear subcommittee might decide to set a policy according to industry suggestions stated in part in a letter by Melvin J. Miller, president of National Assn. Insurance Agents, to Frear.

In his letter, Mr. Miller stated, "A

system that provides indemnity for nearly every conceivable loss occasioned by an all-out war would be the entering of a theatre of activity so monumental and so wide spread in its implications as to even stagger the imagination. There would thus seem to occur such confusion between presently existing insurance protection and government indemnity, that the whole economy of the nation might be thrown into chaos." The experience of the War Damage Corp. in World War II was pointed out as an example of how war damages can be properly met insurance-wise.

"However, there is one item which might be properly considered in connection with workmen's compensation benefits. Under existing state laws, accidental injuries and death arising out of and in the course of employment generally require the employer to pay benefits. Workmen's compensation insurance has been created to take care of this liability. But it would be impossible for insurance companies to meet such liability in the case of atomic bombing in congested areas. We believe congress should therefore give consideration to the protection of employers of labor and labor itself in such cases by providing, through insurance or reinsurance, catastrophe coverages compensation. Inherently, the obligation to pay for war injuries belongs to the government.

"Therefore, if the WDC could be reactivated with the additional workmen's compensation provision, it would seem that the government would be providing a program which would preserve the economy of the nation, insofar as it can be preserved in an all-out war."

Title 11 Claimed Ineffective

Industry members said title 11 does not carry out in its entirety the budget policy as outlined by assistant director Staats at a committee hearing some time ago. He indicated at that time that recognized insurance companies and employers should be relieved of liability for war-caused workmen's compensation claims. But it is claimed the bill does not provide for that, but merely would authorize the president to proclaim a moratorium. In determining when there should be a moratorium, the draft provides that there shall have been a large number of accidents.

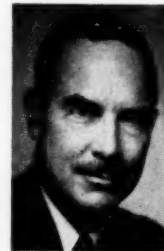
Casualty people inquired, "What is a large number? What difference would it make whether there be one or a million? If insurance should be relieved of liability for war-caused claims, it should be relieved, period."

"The amendments were offered in good faith to bring title 11 into conformity with our interpretation of the budget statement," said Howard Starling, Washington representative of Ass'n of Casualty & Surety Companies.

Besides Mr. Starling, the conference committee included Richard Wagner, manager of the association casualty department; Frank J. Marryott, general counsel of Liberty Mutual; Leslie Hemry, vice-president of American Mutual Liability.

Retail Credit Designates Stufflebeem Eastern Chief

Retail Credit has appointed W. M. Stufflebeem resident vice-president at New York City. He will direct sales and customer relations along the east coast from Washington to the Canadian border. Mr. Stufflebeem has been division manager at Boston. He started with the organization in San Francisco and in 1926 became manager at Oakland. He was promoted to department manager at Los Angeles in 1929, becoming manager there in 1937. He became assistant operating manager in the home office in 1942 and the following year was promoted to manager of the southwest division. He became southern division manager in 1945 and was transferred to Boston the following year.



W. M. Stufflebeem

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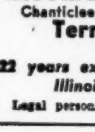
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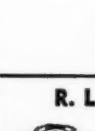
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Expect Close Shave on Crop-Hail

Watch Calendar for Sept. 1 Deadline: Business Up 20%

Crop-hail insurance underwriters are keeping an anxious eye on loss reports as August draws to a close, with the hope that on Sept. 1, the date on which the bulk of crop-hail liability expires, their companies will still be in the black. The expectation is that this year will be a fairly narrow squeak.

Premium volume is up from 15% to 20%, indicating that 1951 total premiums for stock companies will be in the neighborhood of \$29 million. The loss ratio is currently running from 39% to 46%, with the northern states still to be heard from. Nebraska, Minnesota and the Dakotas start to close down Sept. 1 depending on the crop insured, and if losses are at a minimum in that territory, most of the companies will come through the year in fair shape.

Switch to Cotton in Texas

Texas and Oklahoma have produced loss ratios of more than 50%, and this mostly on cotton business. Grain used to be the main business in that area, but in the last two years drouth and bugs have caused the companies to put their emphasis on other crops. Georgia for the first time in history has produced a loss ratio of more than 100%, and Kansas, traditionally a tough state, is in the red this year only because the heavy rains delayed the harvest and crops were still in the fields when hail storms struck that ordinarily would have been too late in the season to cause any damage. Had the farmers been able to harvest at the regular time, the companies probably would have had a normal loss ratio in Kansas.

Volume increase has been noticeable in the southeast and in the central states of Illinois, Indiana, Iowa and Missouri. There have been some severe storms in Illinois around Decatur and Galesburg, and these are the first in some time.

Big Increase in N. C.

North Carolina, which in 1950 was the leading premium volume state, has had another big increase of around 30% this year. Most of this business is on tobacco, and the crop is 60% harvested. Business, however, is on the ragged edge and a bad storm would mean a loss there.

The new specified perils policy that was introduced by Rain & Hail Bureau in North Carolina has had an unusually good sale. The policy is being written by Aetna Fire, North America, and Springfield F. & M. of Rain & Hail Bureau, and by Great American, Home, Crum & Forster, American and Blue Ridge. It covers for hail, wind, when accompanied by hail, fire and lightning, livestock and aircraft for the crop in the field, and for the harvested crop it provides for wind without hail, explosion, riot, civil commotion and vehicles. Approximately 7% or 8% of the crop-hail

business in North Carolina is written on this type of policy which was introduced only in the middle of May without any special fanfare. It has not been pushed extensively and the companies are a little surprised at its sales success.

The bad loss record in Georgia has been fortuitous in one respect in that it provided an almost perfect answer to a state legislative inquiry. The Georgia house in the last session asked Commissioner Cravey to secure information on coverage and make an examination of the crop-hail rates. This turned out to be the first year that premiums have exceeded \$1 million in Georgia, and the companies before sending representatives to meet with the commissioner got up preliminary statistics on their experience and found that the loss ratio for the first time in history is more than 100%.

Complete Card for Mont. Agents' Rally Aug. 27

The program has been completed for the annual convention of Montana Assn. of Insurance Agents at Great Falls, Aug. 27-28. On Aug. 26 in the evening there will be a past presidents' banquet at Meadowlark Country Club.

The meeting will be opened with the report of President Verne Christensen of Glasgow. Melvin Miller, president of the National association, will speak; Harold LaRonge, Wisconsin hail supervisor for Home, will talk on "You Can Get More Business," and George Bunyan, assistant agency secretary in the Pacific department of Royal-Liver-

pool group, will have as his subject "Sign Posts."

In the afternoon there will be an open forum and that will be followed by a cocktail party at Meadowlark Country Club, and a banquet and dance.

The second morning there will be talks by Robert A. Matthew, agency superintendent of Great American Indemnity at San Francisco, on "Package Comprehensive Multiple Liability Policy," and by Marland K. Stasser, field representative of Assn. of Casualty & Surety Companies, on "Safety Is Good Business."

May Test State Authority on Housing Project Insurance

SEATTLE — The \$173,000 fire insurance schedule covering the Black Diamond housing project in King county has been awarded to Firemen's Mutual of Providence by Housing Authority of King County.

The award was made, the authority said, on the advice of W. J. Pettis, insurance examiner for the public housing administration at Washington, D. C. Mr. Pettis was here recently conferring with various housing authorities on insurance matters. Previously he had conferred with the Washington department relative to a communication it had directed to the public housing administration, pointing out that a stipulated amount clause provision in a bid call for fire insurance did not comply with the rules of Washington Surveying & Rating Bureau.

Pettis subsequently advised the housing authority here to place the Black

Diamond line with Firemen's Mutual, which had offered to write the policy with a stipulated amount clause. It was pointed out that Firemen's Mutual is admitted in Washington but is not a subscriber to the rating bureau. Its policies must be filed separately with the Washington department. Firemen's Mutual quoted a three-year premium of \$2,723.95 with a dividend of \$1,903.95 and net cost of \$820.

According to reports, the Washington department is insistent that a stipulated amount clause is not permissible in this state. The question of whether housing authority projects, owned by the public housing administration, are federal properties and exempt from rate control may be contested as a result.

San Antonio C.P.C.U. Course

San Antonio (Tex.) College will offer a general insurance course the coming year. It will cover the material for Part 1 of the C.P.C.U. examination although it will not be limited to that material.

The course will be under the supervision of Charles F. Nichols, Hamilton Bonnet and W. Evans Fitch, all C.P.C.U.'s.

Carr Shifted by G.A.B.

John R. Carr has been named in charge at Sidney, Mont., for General Adjustment Bureau replacing D. F. Sigbards, who has resigned.

Henry C. Taylor, president of Taylor-Pinkham & Co. has been elected a director of American Eagle Fire. He is also a director of Continental.

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An agency should concentrate its entire selling efforts on new prospects.
Production in an agency is not affected by the way in which daily reports are filed.

Whether or not you represent one of our companies, get your copy of the latest "True or False" from our Agency Systems Dept.

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Arthur M. Angvik

Arthur M. Angvik, who has been appointed vice-president of the T. C. Field & Co. general agency in St. Paul, for 21 years has been with the bond department of Aetna Casualty at St. Paul and Minneapolis, and since 1940 has been bond superintendent, except for a period in navy service. He is a graduate of the University of Minnesota and attended Minnesota College of Law. He is a past president of Minnesota Surety Assn.

NEWS OF FIELD MEN

Hupp Named in Missouri by New Hampshire Fire

New Hampshire Fire has appointed T. W. Hupp as special agent to assist State Agent John J. Perkins in Missouri. Mr. Hupp has had previous training in the business. His headquarters will be in the Pierce building, St. Louis.

Trainees in Wash. Field

Donald J. Murphy, who has completed the Royal-Liverpool training course at San Francisco and New York, has been appointed special agent at Spokane under H. B. King, state agent. Eddie L. Smith, Jr., also a trainee, who has been at the Seattle office, has become special agent in Pierce and King counties.

Gaynor Joins Security

The Security of New Haven has appointed Robert M. Gaynor special agent at Detroit. Mr. Gaynor attended Ohio Wesleyan University. He started in insurance with the Gorham & Thomas

agency at Detroit and later was with Crum & Forster and Republic of Dallas.

New Superior Field Men

Superior of Dallas has made four field appointments: Charles L. Somers, who becomes Oklahoma state agent to succeed Jimmie Brashears, now in the home office agency department; C. E. McDonald, special agent at Lubbock for west Texas; Wesley W. Cooper, former local agent at McAllen, as special agent in Gulf coast area, with headquarters at Corpus Christi, and M. T. Griffin, Jr., a 25 year veteran in field work, recently with Traders & General, as special agent in north central Texas, with headquarters at Dallas.

Gulf and Atlantic Changes

Gulf and Atlantic have made four field changes in Texas: Archie Oldham, special agent in central west Texas, is transferred to the Rio Grande Valley at Pharr to succeed H. W. Wallace, who is entering the local agency business. Bob Tuttle, special agent in northeast Texas, is named to succeed Mr. Oldham; Jack Myers of the home office

to succeed Mr. Tuttle. Malcolm Hall, former local agent, becomes special agent in central east Texas at Lufkin, succeeding Joe A. Cheatham, now an underwriter in the home office, and John J. Russell, former Dallas local agent, is special agent in south central Texas out of Dallas to succeed Melvin Perkins, who has joined Crum & Forster.

American Names Two

American has appointed Leroy M. Brandt special agent for eastern North Carolina, assisting Special Agents C. R. Macgill and C. A. Mebane, Jr., in the development of casualty business. Mr. Brandt was in the air corps for three years and graduated from Duke University. For the past year he has been in the home office advance training class.

John F. Kephart has been named special agent for western Pennsylvania and Allegheny county, assisting Special Agents Gilbert V. Williams and Walter H. Bendick in the development of casualty business.

Mr. Kephart served in the army and received his degree from Washington & Jefferson. He is also a graduate of the advanced training class.

Slate Metzner in Minn.

Clarence H. Metzner, research director of Western Underwriters Assn., will speak at the Aug. 27 meeting of Minnesota Fire Underwriters Assn. at Minneapolis.

Hogue's Duties Expanded

Oley L. Hogue, who for a number of years supervised the business of Commercial and Metropolitan Casualty in Tennessee as state agent, has been named state agent also for the other companies of Loyalty group. V. H. Arrington, Jr., has been named assistant to Mr. Hogue in the Tennessee territory.

Schultis to Indiana Field

Crum & Forster has appointed R. C. Schultis as special agent in Indiana succeeding William Whitacre who has been promoted and transferred to South Dakota.

Mr. Schultis is a graduate of the University of Illinois. After service in the navy he was fire prevention engineer for a mutual company, and since joining Crum & Forster has had training in the underwriting, engineering and appraisal departments. His headquarters will be at Indianapolis.

Ohio Pond Fall Outing Set

Ohio Blue Goose will hold its fall meeting and outing at Cincinnati Sept. 17-18. There will be a business meeting and initiation the evening of Sept. 17, with a buffet lunch the next day at Summit Hills Country Club, Fort Mitchell, Ky. The golf tournament and softball game between northern and southern Ohioans will be held there in the afternoon, with a dinner that evening.

Takes Over Me., N. H. Field

New York Underwriters has appointed Frank J. Mason state agent for Maine and New Hampshire, succeeding Paul E. Goode, who is resigning.

Mr. Mason is a graduate of the home office where he worked in several of its departments and since last year he has been special agent in eastern Massachusetts and Rhode Island. He will make his headquarters at 40 Exchange street, Portland.

Goode to Boston in Maine

Paul E. Goode has been named special agent in Maine for Boston and Old Colony. He entered the business with Travelers Fire in 1935. After service in the air force in 1946 he went with New York Underwriters as Maine special agent. His headquarters are at Portland. Mr. Goode succeeds George H.

Brinley who has resigned to join the John C. Paige & Co. agency of Portland.

Max Marshall, Phoenix-Connecticut special agent at Wichita, has returned from the encampment of the 89th division, Kansas National Guard, held at Camp McCoy, Wisc.

Indiana Fire Prevention Assn. on Sept. 12 will inspect Mishawaka. Emmett T. Cox of Western Actuarial Bureau will speak at the luncheon.

MARINE

Yacht Cover Flourishes in Tenn. TVA Section

A constantly increasing source of desirable yacht business is the region comprising the blanket of "homemade" lakes in the TVA section of Tennessee. These are extensive bodies of water and yachting has become a great pastime there and represents a substantial investment of money. People of means in Tennessee and in surrounding territories are able to indulge themselves in boat activity in fairly close proximity to their homes. Yacht clubs are springing up and all in all, a worthwhile lot of new insurance business has been created there. The boat owners by-and-large are insurance conscious and buy adequate kinds and amounts of cover and the experience has been favorable.

Helps Salvage Coal Barge

R. E. Bridges of Neare, Gibbs & Co., Cincinnati, has been in Minneapolis to assist in floating a barge of coal which broke from its moorings four months ago and came to rest on the brink of the Ford dam across the Mississippi river. Most of the coal had to be removed before the barge could be floated and the coal will be salvaged. It is ex-

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Automobile Shifts Southern Marine Department Men

A number of changes have been made in the southern marine department of Automobile and Standard Fire.

Harry F. Gibson, formerly marine state agent at New Orleans, has been named assistant manager of the department, which has its headquarters at Houston. Before going to New Orleans, he was an underwriter and special agent in the Pacific marine department.

Mr. Middleton, who was formerly state agent at Minneapolis and underwriter at Houston, has been advanced to the New York office.

Thomas P. Faulkner, special agent at the Dallas marine service office, has been promoted to state agent, heading the New Orleans office. Percy E. Gentle will continue as special agent there. Succeeding Mr. Faulkner at Dallas will be Mark I. Hart, who has been at the home office.

Francis A. Stockwell, Jr., has been promoted from underwriter to superintendent of underwriting at the Houston office.

Golf Tourney at Seattle

More than 80 marine men participated in the golf tournament of Board of Marine Underwriters of Seattle. Stan Dec of D. K. MacDonald & Co., with low gross of 72 and low net of 67, won the board's permanent golf trophy.

A life membership certificate was awarded to H. E. Pearce, retired manager for Fireman's Fund. It was announced that similar certificates were being sent to H. E. Bennett, formerly marine manager for Seeley & Co., and Bruno Hermann, formerly marine manager for Swett & Crawford.

Corbett Eastern Manager

Joseph H. Corbett has been appointed inland marine manager of the eastern division of the St. Paul companies. He attended University of Denver school of commerce, started in insurance at Chicago in 1925 and in 1930 was transferred to San Francisco.

In 1937 he joined St. Paul F. & M. as chief inland marine underwriter for the Pacific Coast. In 1944 he was transferred to Los Angeles as branch manager and in 1947 became general manager of the entire southern California branch. He was called to the home office in 1950 as executive assistant in the inland marine department.

COMPANIES

K.C.F.&M. Earnings Up in Half Year

Kansas City F. & M. reported net earnings of \$106,656, before federal income taxes, for the six months ending June 30. This compared with \$77,927 in the same period a year ago. After allowance for federal income taxes, net earnings amounted to \$72,354, against \$71,813 on June 30, 1950.

A record volume of \$4,395,561 in premiums written compared with \$3,662,590 a year ago, was an increase of 20%.

Losses also reflected the inflationary trend of reconstruction and repairs, as well as the nation-wide inadequacy of the automobile rate structure. "Increases in rates to overcome this situation are gradually being initiated," Morton T. Jones, president said. "Some improvement should be noted in loss ratios by the end of the year." On June 30, the company's ratio of losses incurred to premiums earned was 50.6%, as compared to 47.3% on June 30, 1950. Assets increased to \$6,852,076, against \$6,789,855 at the close of 1950. Policyholders' surplus was \$2,683,787, compared with \$2,671,161. Unearned premium reserve, however, decreased from \$2,505,804 on Dec. 31 to \$2,369,332 on June 30, reflecting the reduction of one large account.

Hartfords Elect Three

Hartford Fire and Hartford Accident have elected Arthur W. Gregory, Jr., secretary of both companies. Wilfred Pratt has been elected assistant treasurer of both companies and Harold Grossman assistant secretary and actuary.

Resolute Advances Mason

John J. Mason has been elected assistant secretary of Resolute. He joined Resolute in 1949 and has been in charge of subrogation. He will continue to head the subrogation department.

Cobaugh to Fireman's Fund

William B. Cobaugh has been named assistant personnel manager of Fireman's Fund. Mr. Cobaugh has specialized in personnel administration for nine years. He has been on temporary assignment with Fireman's Fund for seven months, working on a special job evaluation study.

Hanover's Mid-Year Status

Hanover Fire in its midyear statement reports assets of \$45,291,855, premium reserve \$21,594,169, which compares with \$19,897,597 at Dec. 31, capital \$4 million, voluntary reserve \$500,000, and net surplus \$10,054,676, the policyholders' surplus being \$14,554,676.

The poor agent who STOOD ON HIS HEAD



He knew the insurance business inside and out. He remembered names, he was systematic, and he made plenty of calls. If it would help write a policy, he would stand on his head.

All successful agents put a tremendous amount of effort into their work, but it takes teamwork on the part of both agent and company to transform persistence into policies. To make sure that the agent's hard work is not wasted at Pearl American, we think of his problems as our problems. Sympathetic consideration, reliable fieldmen's and underwriters' advice, and prompt service are combined with ample reserves and good reputation to help agents write more policies and earn more commissions.

No wonder so many agents and brokers who are tired of standing on their heads are teaming up with Pearl American.

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EDITORIAL COMMENT

The Producer and Inflation

Everywhere the insurance producer goes today he hears talk of inflation. Inflation keeps calling for more dollars to pay for the same unit of physical property or bodily injury. The producer is one of very few who can guarantee more dollars for identical units of property and bodily injury should the need for those dollars arise.

A man can get no guarantee that his salary will increase to keep pace with the sliding purchasing power of the dollar. He cannot walk into a store, lay down a fixed sum today and get a guarantee that a specified piece of merchandise will be available for him at a named number of dollars one or two years hence. He can, however, get that kind of guarantee as to the number of dollars to be delivered, from an insurance company. This is always on the

assumption that inflation trends continue and the indemnity principle of insurance is not violated.

The insurance producer's real job however is to free his client from the fear of deflation. No matter what the purchasing power of the dollar, the man who sustains an uninsured loss of any kind has himself suffered a violent deflation. This is a case where the buyer who does not keep increasing the amount of his insurance to pace inflation is multiplying the danger that he himself, by suffering an uninsured loss, will be "deflated" out of business.

For that part of property protection represented by indemnity for insurable loss, the insurance producer has the answer for general inflation of values along with personal deflation of values.

Supporting Data

—Actuarial Note:

Number of cars of grain estimated to have suffered flood damage in Kansas-Missouri flood, 600.

Average loss per car, estimated, \$4,000.

Total insurance loss, estimated, \$2,400,000.

Insurance premium, 3 cents per car per trip.

Number of cars at 3 cents each to bring in \$2,400,000, 80 million.

Bushels of wheat per car, approximately 1,800.

Eighty million cars by 1,800 bushels, 144 billion bushels.

Combined annual winter and spring wheat production in U. S., about 1 billion bushels.

Number of years to insure entire wheat crop of U. S. at 3 cents per car per trip to develop \$2,400,000 of premium, 144.

PERSONAL SIDE OF THE BUSINESS

Kirk A. Landon, chairman of American Bankers of Florida, and Mrs. Landon have returned to Miami after a six week tour of northern Europe.

T. Y. Ramsdell, comptroller of Factory Insurance Assn., has completed 45 years with the organization.

Harold Jackson, president of W. H. McGee & Co., and vice-chairman of International Union of Marine Insurance, will leave Sept. 7 by air for St. Moritz, Switzerland, to attend the annual yearly conference of the Union Sept. 11.

Lewis A. Vincent, general manager of National Board, returned home the other day from his vacation to find a telegram signed by the Erie Ferry Rear End View Club. It asked that he resign from that group, or designate a new alma mater. This was at the time of the honor system scandal at West Point, of which Mr. Vincent is a graduate.

The next morning as he made for New York aboard the Erie Ferry from his home in Montclair, members of the club, who are neighbors and frequently cross the Hudson river on the same boat, stood about silently regarding him.

After enduring this a moment, he whipped out a telegram and passed it around. It read:

"This is to notify you that you have been elected president of the Erie Ferry Rear End View Club."

He then called for a meeting of the club to take disciplinary action against the secretary, who had misspelled the word mater as "matter." Only slowly did it dawn on the members of the club that Mr. Vincent had accomplished his election as president by sending himself the second telegram.

Jesse W. Randall, president of Travelers, is chairman of the Connecticut Council of Churches special finance committee which this week began a drive for \$10,000 for operating expenses and expanded projects.

Charles T. Nichols, western Kansas state agent of Springfield at Great Bend, is recuperating in St. Mary's Hospital, Rochester, Minn., following major surgery.

The newspaper and radio correspondents who covered the 6th session of the Illinois legislature voted W. Russell Arrington, vice-president and general counsel of Combined of Chicago, as

one of 10 outstanding members of the legislature. Mr. Arrington, who lives in Evanston and represents that suburb and the north side of Chicago, received 16 out of a possible 22 votes cast, ranking him third among the members and first among the Republicans in the lower house.

T. M. Irvine, special agent in northeastern Iowa for National Fire, has returned to his duties after serving 10 months in the army. He was recalled to service as a reservist last October.

Theo. P. Beasley, president of Republic National Life, has been named as chairman of the Dallas drive in the American Relief for Korea campaign directed by Douglas Fairbanks, Jr. T. E. Branniff, president of Branniff International Airways, who is also prominent in the fire and casualty insurance field at Oklahoma City, is co-chairman.

G. M. Rosse, manager of American International Underwriters at Washington, D. C., has been named a member of the special advisory committee of the U. S. war claim commission.

Fred O. Summer, former special agent at Los Angeles for Employers group and now with the Summer agency at Sacramento, was married to Rita Musci, who is a member of the agency. Mr. Summer at one time was with the inland marine department of Millers National at Chicago. His father, Fred J. Summer, is head of the local agency.

University Teachers Given Tour of Chicago Offices

Western Underwriters Assn. this week is conducting a tour of western department offices and insurance auxiliary organizations for eight college insurance instructors.

On Monday the group assembled in the offices of W.U.A. and that afternoon were given individual tours of fire company western departments. Tuesday the instructors had the whole day to visit with the fire people, and on Wednesday the group spent the day in the western department of Hartford Accident.

On Thursday the program calls for a visit at Underwriters Salvage in the morning and Western Adjustment in the afternoon. Friday there will be a

tour of Cook County Inspection Bureau in the morning and a visit at Underwriters Laboratories in the afternoon.

The professors visiting this year are: R. E. Bray, University of Missouri; Warren Browne, Northwestern; Emerson Cammack, Illinois; John W. Cowe, Wisconsin; J. Edward Hedges, Indiana; H. H. Irwin, Wayne University; J. E. Partington, Iowa, and J. R. Trosper, Tennessee.

The eight cooperating fire companies have assigned an officer to show the instructors around and each of the other organizations an individual in charge of the visit.

French Insurance People Studying U. S. Procedures

The group of 17 French insurance experts who are visiting the offices of insurance associations and companies in six cities over a five week period, are here under the auspices of the Economic Cooperation Administration. Their purpose is to learn at first hand something of the insurance business in the U. S.

They were scheduled to visit the National Board on a tour arranged by Bruce Bielaski, assistant general manager, and Assn. of Casualty & Surety Companies, arranged by J. Dewey Dorsett, general manager, on Aug. 30, with a luncheon that day given by the two organizations.

This is the first E.C.A. trip from Europe for insurance executives, and the purpose is to study the methods, procedures and equipment used by U. S. insurers. The expenses of the trip are being met in France. Each visit to a company is for the study of one or two specific topics.

The party also will spend several days in Washington to hear officials describe activities of the council on education, federal crop insurance program and social security.

The Frenchmen will spend Sept. 4-6 in Chicago. They will be guests there of American Mutual Alliance and Continental Casualty and will visit Underwriters Laboratories.

E. T. Thomas has resigned as field man for Balfour, Guthrie & Co. at Seattle.

First Six Months' Results Are Shown

| | Assets June 30 | Surplus June 30 | Increase or Decrease in Surplus from Dec. 31 | Premiums First Six Months 1951 | Written First Six Months 1950 |
|-----------------------|-------------------|--------------------|---|---|--|
| American Central | 13,320,916 | 4,970,617 | -200,645 | 3,641,596 | 3,133,216 |
| American | 115,321,931 | 42,897,476 | -262,643 | 32,249,478 | 26,813,690 |
| American Reserve | 13,492,216 | 3,372,480 | -26,397 | 4,169,583 | 3,073,544 |
| Bankers Indemnity | 18,750,377 | 4,922,264 | -329,921 | 6,210,349 | 5,615,570 |
| Columbia | 6,920,320 | 4,372,756 | 133,511 | 1,163,730 | 1,001,123 |
| Commercial Union | 28,015,177 | 9,523,294 | 430,601 | 8,067,896 | 6,972,817 |
| Concordia Fire | 9,457,024 | 3,311,761 | -97,563 | 2,517,656 | 2,237,061 |
| Eureka-Secur. F. & M. | 13,631,898 | 4,113,483 | -122,241 | 3,804,715 | 3,407,315 |
| Firemen's | 99,660,378 | 42,421,301 | -1,822,291 | 21,579,913 | 19,174,807 |
| General Accident | 82,270,492 | 28,693,196 | 436,696 | 23,111,156 | 21,971,336 |
| General Security | 10,859,412 | 2,191,771 | -1,438 | 2,684,769 | 2,039,737 |
| Glanover Fire | 9,972,635 | 3,375,266 | 83,826 | 2,512,491 | 2,237,061 |
| Hanover | 45,291,855 | 14,554,676 | -154,248 | 12,684,989 | 11,229,384 |
| Milwaukee | 25,989,150 | 9,323,675 | -28,994 | 6,833,639 | 6,072,022 |
| Natl. Ben Franklin | 9,709,476 | 3,491,935 | 84,631 | 2,517,656 | 2,237,061 |
| New Amsterdam Cas. | 75,705,894 | 20,330,178 | | 20,793,161 | 18,931,588 |
| New York Underwriters | 16,509,458 | 8,570,086 | 270,078 | 2,928,710 | 2,470,450 |
| N. Am. C. & S. Re. | 47,299,496 | 12,253,212 | 576,969 | 9,571,650 | 11,321,570 |
| Ocean Accident | 29,242,455 | 7,533,381 | 353,237 | 6,371,048 | 5,285,387 |
| Pacific Indemnity | 40,573,586 | 11,413,144 | -903,930 | 12,286,558 | 11,575,766 |
| Pearl | 18,233,313 | 6,815,741 | -440,838 | 4,366,696 | 3,884,035 |
| Royal | 43,069,471 | 14,337,623 | 1,212,832 | 11,736,706 | 8,448,750 |
| Standard Accident | 77,897,511 | 21,462,910 | -935,232 | 24,439,457 | 21,145,078 |
| Standard Marine | 10,646,436 | 4,424,161 | 50,006 | 3,162,799 | 2,504,569 |

THE NATIONAL UNDERWRITER

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DEATHS

THOMAS B. REYNOLDS, 65, head of the Thomas B. Reynolds & Son general agency at Raleigh, N. C., died there after a long illness.

EDWARD E. COLLINS, for the past 18 years editor and publisher of "Hine's Insurance Adjusters" and "Hine's Insurance Counsel," Chicago, died there after a long illness. He was well known to insurance officials, claim men and attorneys throughout the country. The publications will be continued under the supervision of his two sons, James R. and Edward E. Collins, Jr.

ERIC PETERSEN, 71, a vice-president and director of International, died at his home in Tenafly, N. J. Born in Zurich, Switzerland, he came to America when he was 4. He worked with various New York and European insurance companies and got his early training with Germania. He joined International 10 years ago. He had been ill for about a year.

JAMES C. LEECH, 54, assistant secretary of Security of New Haven, died at Rocky Hill Veterans Hospital after a brief illness. He was a marine veteran of the first world war and went to New Haven three years ago from Charlotte, N. C., where he was with National Fire.

HARRY V. WAITE, retired fire actuary of Travelers, died at his summer

home at Rowe, Mass. He started as a mail runner for Travelers in 1901 and became chief clerk of the casualty actuarial department. He organized the statistical department of Travelers Fire in 1928 and was named actuary in 1946.

ALBERT E. McCLOSKEY, partner in the McCloskey & O'Neil agency of Pittsburgh and second president of Insurance Club of Pittsburgh, died at Pittsburgh hospital. He had spent his entire career in the insurance business starting with Travelers as a claims investigator at Pittsburgh. Later he joined Bair & Lane agency which developed into the partnership of Bair & McCloskey, and terminating in 1929 and Mr. McCloskey continued an individual agency until 1945 when the partnership was formed as McCloskey & O'Neil.

HOWARD E. WRIGHT, 64, auditor of the Aetna Life companies died at Hartford. He joined the group in 1905. After a number of years as a traveling field auditor, he was appointed assistant auditor in 1919, being advanced to auditor of the four companies six years ago. He served in the navy during the first world war.

THOMAS J. ENGLISH, 57, head of the St. Louis adjustment office bearing his name, was fatally injured when struck by an automobile. He had been in adjustment work about 35 years. One of his sons was associated with him in his adjustment office and another is an insurance attorney at St. Louis.

WENDEL B. CLINITE, 52, superintendent of Missouri Audit Bureau, St. Louis, since 1929, died there. He entered insurance work in an agency conducted by an uncle at Minneapolis as a boy. Later he joined the staff of Wisconsin Fire Insurance Rating Bureau at Milwaukee, and since then has been in bureau work. He served as assistant manager of the Missouri bureau at Kansas City for three or four years, and also was manager of the Oklahoma bureau for about four years before going to St. Louis to succeed Carl Junge as superintendent in charge of the Missouri Audit Bureau after Mr. Junge became assistant manager of Missouri Inspection Bureau. He was a past most loyal gander of St. Louis.

LAWRENCE WILCOX, 48, actuary of Farm Bureau Life, died unexpectedly at Columbus, O. He was formerly actuary of the Kansas department.

W. W. ROBERTSON, 59, president and general manager of the Mayfield Insurance Agents Inc., Mayfield, Ky., died following a heart attack. He had been in the insurance business there for 30 years.

MRS. JULE M. HANNAFORD, JR., wife of the resident vice-president of Marsh & McLennan at St. Paul, died there.

JOHN R. LOOMIS, 78, president of the Loomis agency of Glens Falls, N. Y., died at Glens Falls hospital.

W. Virginia Agents Retain Helmsmen

The annual meeting of West Virginia Assn. of Insurance Agents drew 200 agents, company officials and wives to White Sulphur Springs. All officers were reelected including Edwin Ratcliffe, Beckley, president; Frank McIntosh, Huntington, chairman of the executive committee; R. D. Watts, Beckley, chairman of the conference committee, and A.B.C. Bray, Jr., Logan, national state director.

A resolution was passed supporting elimination of the one year term of office restriction of N.A.I.A.

A. E. Gilbert, executive vice-president of American International Underwriters, has left for a month visit to Europe. He will visit A.I.U. offices at Brussels, Paris, Rome, and Frankfurt and also stop at London and Zurich.

Urban C. Brown, Emporia, former president of Kansas Assn. of Insurance Agents, is a new member of the "grandfather club." Emporia Insurers were guests of the Browns at their home for a social evening on their 30th anniversary.

Security Promotes France, Hires McCarthy at Denver

Security of Connecticut has promoted Robert M. France, Colorado state agent, to manager of the Rocky Mountain branch at Denver in charge of Colorado, Wyoming and New Mexico. Bernard P. McCarthy has resigned as state agent of Gulf to become state agent for Security.

A.I.U. Shifts Personnel

American International Underwriters has transferred Edgar I. Mellor from New York to Washington where he will be assistant manager. William P. Akers has been transferred to Washington from New York. Both men were casualty underwriters. Mr. Mellor replaces Alfred B. Lampe who resigned.

Henry G. Jackson of the fire department at New York has been transferred to Chicago. Jack B. Taylor has moved from San Francisco to Los Angeles, where he will head the personal insurance department.

Steel Gardner Agency Head

Ned M. Steel, for several years manager of the Gardner General agency at Denver, has been elected president of the firm. He succeeds the late J. R. Gardner, who was also founder and president of Merchants Fire of Denver.

Creates New Cal. Division

Commissioner Maloney made a change in the organization of the California department which raises the rate regulation bureau to the status of a full division. The change increases the number of the divisions in the department to six.

Affiliated FM in Okla.

Affiliated F M of Providence has entered Oklahoma. John C. Andrews, Oklahoma City, was appointed special agent.

Brooklyn Brokers' Speakers

Norman C. Frost, manager of the metropolitan department of Home, will address the Brooklyn Insurance Brokers Assn. Sept. 6 on the "New Extended Coverage on Fire Policies."

Donald D. Pillsbury, manager of the burglary department of National Bureau of Casualty Underwriters, will discuss "Limited Burglary Policies."

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. LaSalle St., Chicago
Aug. 21, 1951

| | Div. | Bid | Asked |
|-----------------------|--------|-----|-------|
| Aetna Casualty | 3.00* | 97 | 101 |
| Aetna Fire | 2.25* | 56 | 57½ |
| Aetna Life | 2.50* | 85 | 88 |
| American Alliance | 1.50* | 31 | 32½ |
| American Auto | 2.00 | 47½ | 49½ |
| American Equitable | 1.50 | 25½ | 27 |
| American (N. J.) | 1.00 | 23 | 24 |
| American Surety | 3.00 | 54 | 56 |
| Boston | 2.65* | 62 | 64 |
| Camden Fire | 1.15* | 21 | 22 |
| Continental Casualty | 2.50* | 68 | 69½ |
| Fire Association | 2.60 | 62 | 64 |
| Fireman's Fund | 1.60 | 53½ | 55 |
| Firemen's (N. J.) | .70 | 22½ | 24 |
| Glens Falls | 2.30* | 58 | 60 |
| Globe & Republic | .80 | 13 | 14 |
| Great American Fire | 1.50* | 36 | 37½ |
| Hanover Fire | 1.60 | 33 | 34½ |
| Hartford Fire | 3.00* | 139 | 142 |
| Home (N. Y.) | 1.80 | 37½ | 39 |
| Ins. Co. of North Am. | 1.00* | 72 | 74 |
| Maryland Casualty | 1.00 | 20 | 21½ |
| Mass. Bonding | 1.60 | 26½ | 28 |
| National Casualty | 1.50* | 32 | 34 |
| National Fire | 2.50* | 61 | 63 |
| National Union | 1.60 | 35½ | 36½ |
| New Amsterdam Cas. | 1.50 | 37½ | 38½ |
| New Hampshire | 2.20 | 39½ | 41 |
| North River | 1.20 | 27½ | 29 |
| Ohio Casualty | 1.20 | 59 | 61 |
| Phoenix, Conn. | 3.00* | 82 | 84 |
| Prov. Wash. | 1.50 | 30 | 31½ |
| St. Paul F. & M. | .80 | 31 | 33 |
| Security, Conn. | 1.60 | 32 | 34 |
| Springfield F. & M. | 2.00 | 46 | 48 |
| Standard Accident | 1.60 | 37 | 38½ |
| Travelers | 14.00* | 605 | 615 |
| U. S. F. & G. | 2.00 | 54 | 56 |
| U. S. Fire | 1.40 | 39½ | 41½ |

*Includes extras.



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Okla. Auto Rate Increase Fight Gets Into Court

Complainants Seek to Compel Submission of Substantiating Data

OKLAHOMA CITY — The fight against the proposed increase of automobile liability rates in Oklahoma, asked by the National Bureau of Casualty Underwriters has found its way into district court.

The proposed increase, which extends up to 30%, has met with considerable opposition culminating in a suit filed Aug. 17 in district court by Rep. Robert Cunningham of Oklahoma City asking that the court direct the state insurance board to order companies, advisory and rating organizations to produce their records. An alternative writ of mandamus was issued by Judge Mills and a hearing was set for Aug. 27.

Cunningham maintained that the board refuses to order insurers to submit their records to the board to substantiate their claim that they are losing money under present automobile liability rates, with some company executives contending that the proposed rates will not even suffice.

F. F. LaFon, rate expert of the insurance board, said that Cunningham filed his petition in district court before he had requested the board to subpoena these records and that if he had presented such a request to the board, it would have served he subpoena on the request.

The revised rates were to have become effective Aug. 20, but the date was later postponed until hearings could be held before the board, as the Oklahoma law prescribes that new rates go into effect within a certain period unless the board decrees otherwise.

Hearings were started Monday and continued for two days.

Protests have been filed by Cunningham, Mott Keys, former rate specialist for the board, W. E. Van Vactor, in behalf of Associated Motor Carriers of Oklahoma, and Fred Albert, acting for Oklahoma Auto Dealers Assn.

The complainants allege the rates discriminate against the good driver and favor the drunken driver, and that the zone system of rates is discriminatory.

Rough and Tumble Hearing

The hearing on Monday before the Oklahoma insurance board was a rough and tumble affair. Cunningham is something of a fire eater. He runs a sheet known as "State House News" that gets advertising among other things from contractors. He manages to keep himself in the limelight with direct mail.

James Donovan, general counsel of National Bureau of Casualty Underwriters, during the course of the hearing said that the records that Cunningham is demanding that the insurance companies produce would fill 10 freight cars and to meet such a demand would bring the operation of the insurance business to a halt.

Cunningham said he didn't care anything about the trouble that would cause and that he is prepared to spend 10 years examining the records. He engaged in considerable screaming and it was a noisy and confused day.

Chief witness for the bureau was Paul Benbrook of Austin, Tex., manager of

Jones Resigns as Secretary of A. & H. Agents Group

Wesley J. A. Jones has resigned as executive secretary of International



W. J. A. Jones

Assn. of A. & H. Underwriters effective Aug. 31. He has agreed to serve in an advisory capacity until the semi-annual executive board meeting of the association at Chicago Sept. 21. His future plans have not been announced.

Mr. Jones joined the association in 1948, and the following year was named executive secretary succeeding O. J. Breidenbaugh. He graduated from Carleton college and after service in the navy during the war attended the Purdue University A. & H. sales course.

the southwestern branch of National Bureau of Casualty Underwriters. Oklahoma has a rate regulation law all of its own which is on the principle of subsequent disapproval of filings. This type of statute, its opponents always insisted, was designed for the benefit of so-called shot-gun filers who wanted to be able to get a special deal across in the expectation that once it was in effect it would not be dislodged even though the statute permitted that to be done.

Mr. Donovan on Monday declared that the National Bureau was always opposed to the subsequent disapproval type of statute.

The bureau is asking for no change in either the private passenger or commercial B. I. rates in Oklahoma but there is wanted a 27.9% increase in private passenger P. D. and 28.3% increase in commercial P. D. rates.

Mott Keys, who is one of the protestants, it will be remembered, was one of those that was defeated for insurance commissioner by D. F. Dickey.

Cunningham is trying to get a court order forcing the board to require all of the 90 member companies of National Bureau to bring in what Mr. Donovan states are 10 freight car loads of records.

Concluded Tuesday Night

The hearing was concluded Tuesday night. It was stipulated that protestants shall have until Sept. 4 to file affidavits of any automobile operators as to comparative rates and to file rebuttal briefs.

The board had subpoenaed all company members of the bureau to submit all records and books but James B. Donovan, its general counsel, contended that this would be impossible. He claimed that the bureau had produced all pertinent information needed at the rate hearing and was willing to provide any other information desired. He pointed to the fact that complete information is available in the detailed annual reports made by the companies.

Mr. Cunningham took exception to the summaries presented, stating to the board, "We don't want you to think that we are swallowing all this baloney." As to data obtained from about half the companies on Oklahoma business for first six months of 1951 pursuant to a special call of the bureau, Cunningham said, "We doubt the credibility—there's a chance they hand-picked the companies."

Mr. Keys was asked by Commissioner Dickey if he had any suggestions as to how to meet "indiscriminate penalization" which Key alleged on charging of same premium on a drunkard as a good driver. His attorney said, "We

FEE CHICAGO HEAD

Henderson Takes Vital Employers Re Head Office Post

KANSAS CITY — Vice-president B. H. Henderson of Employers Reinsur-

ance, effective Sept. 15, is changing his base of operations from Chicago to the head office here. He will take charge of liability and compensation lines under Executive Vice-president Frank P. Proper. Mr. Henderson has been an Employers Reinsurman 20 years and he is being called on to serve in what has been the worst inflation-bred trouble spot of the whole insurance scene—the third party reinsurance business.

Succeeding Mr. Henderson as head of the Chicago office will be Assistant Secretary William T. Fee, who has been Mr. Henderson's assistant since 1948.

Mr. Henderson graduated at Ellsworth College at Iowa Falls and served in naval aviation in the first war. He studied law in an attorney's office and in 1925 went with the claims department of the old Federal Surety at Davenport, Ia. He was the claims manager when he left in 1931 to go with Employers Re. He was assigned to the Chicago office that same year and since 1932 has been in complete charge of that unit which supervises the accounts in Wisconsin, Illinois, Michigan and Indiana. He has been vice-president and a director about five years.

Mr. Henderson has been responsible for placing more than 100 men with treaty companies. He got into this activity when he started giving the reinsurance lectures for Insurance Institute at Chicago, and became acquainted with many insurance freshmen.

Mr. Fee graduated at Lafayette College at Easton, Pa., and then from 1936 to 1948, except for two years of navy duty, was with Zurich, starting in the statistical division. Most of his experience there, however, was in underwriting. He studied law in his off hours and graduated at Kent College of Law in 1942. He was elected assistant secretary of Employers Re last January. He is president of Casualty Underwriters Assn. of Chicago.

will work out a scheme and submit it at some future time."

A mass of statistics was presented by Paul Benbrook, Austin, manager of the southwestern branch of the bureau, that showed increasing loss ratios of the companies. He stated that the proposed increase, which would be up to 30% in some categories, with an average of about 8%, would inflict loss on the companies.

Neutral observers expressed the view that the bureau put on a good case for the increase. Mr. Donovan stressed that the board is not required to approve—the question is whether to disapprove; that the bureau companies write only 35% of the business and have the right to make the filing in view of the competitive situation.

HEARING ON FLA. HIKE

Commissioned Larson of Florida has called a public hearing at the request of Will O. Murrow, Jacksonville lawyer, who has protested the increase in automobile liability rates.



B. H. Henderson

Washington Agents Name A. S. Brown as New President

Melvin Miller Is Keynote Speaker at Annual Meeting at Tacoma

TACOMA, WASH.—Allender S. Brown, a partner in the Jones & Mitchell agency of Spokane, was elected president of Washington Assn. of Insurance Agents at its annual meeting here. He succeeds H. P. Sargent of Seattle, who was elected state national director to succeed F. W. Norgard, Yakima.

Matt F. Maury, Olympia, regional vice-president the past year, was advanced to chairman of the executive committee, which places him in line for the presidency next year, if precedent is followed.

W. W. Fry of Ward Smith, Inc., Tacoma, was elected secretary-treasurer; Herb Wilson, Everett, regional vice-president for western Washington; Stanley W. Lebens, Yakima, reelected regional vice-president for eastern



ALLENDER S. BROWN

Washington, and R. J. Alexander, Kennewick, trustee-at-large. These officers constitute the executive committee. New trustees are Ralph Percival, Vancouver; Gene Oldham, Bremerton; H. D. Lasell, Aberdeen; Lester Bell, Kelso, and Roland S. Dick, Everett. Irwin Mesher, Seattle, was reappointed executive secretary.

MILLER KEYNOTE SPEAKER

Melvin J. Miller, Fort Worth, president of the National association, delivered the opening keynote address Monday morning on "Toward a Better Understanding." He said too many private citizens of this country are misled into thinking that a paternalistic government "which grows money on trees" can provide for all the ills and difficulties confronting us in the ordinary course of life, and that they, the private citizens, can relax from their efforts to secure their own future through private initiative and allow Uncle Sam to take care of them."

President Miller pointed out that success in any field depends on organization. He asserted that in the insurance field "it has always been true that agents working together for common goals could accomplish much more to promote and protect their business than they could achieve as individuals, no

(CONTINUED ON PAGE 21)

State Awards Made for Student Driver Education Progress

More than 2 million youths have received special courses in their schools in the last four years to make them safer drivers when they take the wheel of the family car or drive their own automobiles, Assn. of Casualty & Surety Companies reports.

These safety-trained young drivers usually have only one-third as many accidents as untrained students, Julien H. Harvey, manager of the association's accident prevention department, stated in connection with the awards to 27 states and District of Columbia for noteworthy progress in developing driver education courses in their secondary schools.

School-trained drivers in 48 states now comprise more than 3% of the nation's 60,000,000 drivers, he said, and are increasing at the rate of 660,000 a year. This is twice the rate of four years ago, when the association instituted its annual driver education award program, granting recognition to states which made or maintained marked progress in driver education courses, and to individual schools in those states.

States Which Received Awards

Ten states, Arizona, California, Illinois, Massachusetts, Michigan, Minnesota, New Jersey, North Dakota, Oklahoma and Wisconsin, have won the association's superior awards for offering courses in driver education during the 1950-51 academic year in at least 50% of their secondary schools, with not less than half of the eligible students enrolled.

Seventeen states and the District of Columbia will receive meritorious awards for giving driver education courses in at least 25% of their secondary schools, with not less than 25% of eligible students enrolled. They include Connecticut, Delaware, Indiana, Montana, Nebraska, Nevada, New Hampshire, New York, North Carolina, Ohio, Oregon, Texas, Utah, Vermont, Virginia, Washington and West Virginia.

New Jersey, North Dakota, Oklahoma and Vermont also won a special award given for the first time to states in which parochial and private schools have shown unusual progress in driver education, with more than 25% of schools and students participating in the program. Nearly 5,000 schools have added driver training to their curricula since

the award program was started in 1947.

Pointing out that 662,253 public school students in 48 states and the District of Columbia took these courses during the academic year ended in June, Mr. Harvey said the total has now reached 1,997,754. Nearly 10,000 students in 22 states also have received training in driving since 1950 in parochial and private schools, where the movement has been spreading rapidly in recent years.

Official reports from every state show that 7,922 public schools in the last year gave either classroom instruction meeting the association's minimum standards for driver education courses, or classroom work combined with practice driving. This is an increase of 725 schools, or 10% more than a year ago and 37.7% of the 21,009 public secondary schools in the nation. More than two out of every five eligible students were enrolled in these courses in the 1950-51 academic year.

Ned H. Dearborn, president National Safety Council, served as chairman of the award program's board of judges.

W. R. Hearst Executors Are Bonded for \$1,600,000

Executors of the estate of the late William Randolph Hearst have been bonded in the amount of \$1,600,000 by Fidelity & Deposit and Hartford Accident as co-sureties. The executors informed the probate court that a bond of \$20 million would be required legally to protect the estate, but since securities have been impounded, the lesser amount is all that was required.

The bond covers 13 executors and is a temporary special administrative bond which will be replaced by a permanent probate bond when the trustees qualify. The permanent bond may cover all the trustees or only a portion of them, this to be determined later.

The probate courts in California require sureties for all executors, administrators and trustees, the amount being based on the appraised value of the estate. The trustees of the Hearst estate are his five sons and eight business associates.

Mutuals Get Tenn. Increase

NASHVILLE — Mutual Insurance Rating Bureau has asked for and obtained from Commissioner Allen the same percentage of increases in B.I. and P.D. automobile rates granted last week to stock casualty companies through National Bureau of Casualty Underwriters. The higher rates become effective Sept. 4 on new policies and Oct. 1 on renewals.

Announce Program for International Claim Assn. Meet

Edwin Linthicum, Jr., Travelers, chairman of the program committee of International Claim Assn., has announced the program for its annual meeting at Spring Lake Beach, N. J., Sept. 10-12.

Kenneth C. Berry, Lumbermen's Mutual Casualty, chairman executive committee, will call the meeting to order at the opening session and present a gavel to President John Ayer, New England Mutual Life. The address of welcome will be by Commissioner Gaffney of New Jersey, this followed by Mr. Ayer's presidential address.

Jesse W. Randall, president of Travelers, will speak on "Some Lay Bricks, While Others Build Cathedrals," involving public relations and insurance, and Vincent V. R. Booth, counsel of New England Mutual Life, on "These Juggling Fiends—an Examination of Claim Practices."

The session Sept. 11 will be opened with the reports of the secretary, Louis L. Graham, Business Men's Assurance, and the treasurer, Roy Templeman, Maryland Casualty. Alexander O. Gettler, professor of toxicology in New York University medical school and toxicologist to the chief medical examiner of New York City, will give a paper on "Chemistry Focussed on Casual Relationship in Insurance Claims."

The remainder of this session will be devoted to reports of committees, including a comprehensive report on the law as to waiving administration on small estates, prepared by the law committee headed by Paul L. Wise, assistant counsel Fidelity Mutual Life, and a presentation by Eugene M. Thoré, general counsel of Life Insurance Assn. of America, on "Our Washington Responsibilities."

At the final session Wednesday morning, committee reports will be completed and Ralph Heller, Prudential, chairman of the group committee of the association, will discuss "Some Problems in Group and Health Insurance." Election of officers will conclude the meeting.

Confer on Auto Accidents

Increasing automobile accidents and higher claim costs were discussed by the all-industry committee on motor vehicle accidents at a series of meetings at New York City last week. Further

meetings will be held soon. The committee is composed of representatives of American Mutual Alliance, Assn. of Casualty & Surety Companies, where the meetings were held; National Assn. of Casualty & Surety Agents; National Assn. of Independent Insurers; National Assn. of Insurance Agents, National Assn. of Mutual Insurance Agents and New York State Assn. of Insurance Agents.

Expect Early Approval of Defense Projects Rating Plan

WASHINGTON — Final approval of endorsements in connection with the defense projects rating plan by Defense Department officials is expected at an early date.

Insurance Director Kane stated the plan is already in effect, defense contracts being placed on binders under which the plan will be retroactive.

The plan will apply to several types of contracts. One of these is the cost-plus-fixed-fee type, or "cost reimbursement" type, as the department prefers to call it.

Mr. Kane said methods of application are being studied with respect to cost redetermination contracts under which contracts are placed at prices subject to redetermination at some future date, after 3 months or 6 months, for example, at the end of which period new prices would apply.

The plan will be applied to a third type of contracts, where the price is given, but it is stated that at the end of a stated period the matter will be reopened, when prices then to be redetermined can become retroactive.

It was indicated that the rating plan is being applied widely to contracts for construction, materials, equipment and supplies. However, the plan will not apply to lump sum fixed price contracts, but only to contracts under which it is provided insurance costs are reimbursable by the government.

Breen Teaches Insurance at Loyola of Chicago

John M. Breen, vice-president of Lumbermen's Mutual Casualty, will conduct a new course in general insurance principles in the evening school of Loyola University at Chicago. The course will meet for three hours every Wednesday evening at the downtown campus of the school.

Mr. Breen will conduct many of the lectures and also have a number of guest lecturers from the insurance business on hand. He plans to cover every phase of property and casualty insurance with sessions also on group insurance and life insurance. The course is designed for insurance buyers, salesmen, an employees.

Mr. Breen is a director of Mutual Insurance Institute. He is a graduate of Illinois, Notre Dame and of John Marshall law school. He is the author of several insurance books and one of the incorporators of American Institute for Property and Liability Underwriters.

Revise Mexican Discount

The Texas department has approved a revised discount table for long-term automobile policies in Mexico, written by Mexican companies licensed in Texas. An automobile medical payments policy also has been approved and limits and rates have been promulgated ranging from an annual premium of \$4.50 for \$250 for \$2,000.

New Hampshire in France

France has authorized New Hampshire Fire to issue casualty policies on U. S. service personnel and American civilians. American International Underwriters is foreign manager for New Hampshire. American International Assurance Co. of Hongkong, A.I.U. affiliate, has been authorized to effect all types of reinsurance in France and its territories.

Toell Chief

America has appointed Toell as chief in charge of casualty operations. He succeeds Gibson, who has gone to American Reinsurance executive vice president and manager.

Mr. Toell entered insurance in Chicago and was with H. Dalman agency where he entered western department. He joined A.I.U. in 1948.

Mr. Toell is a C.P.C.U. national next month Casualty Chicago.

Mr. Toell graduated started with as an auto with the Chicago branch his discharge Casualty a tender. He months of army intelligence.

Probe of Conduct

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You Can Depend on Wolverine

A Stock Company Since 1917

"Sell Wolverine"

BATTLE CREEK, MICHIGAN

Toelle Casualty Chief for A.F.I.A.

American Foreign Insurance Assn. has appointed R. Maynard Toelle casualty underwriter in charge of casualty operations. He succeeds Joseph P. Gibson, Jr., who has gone with American Mutual Reinsurance as executive vice-president and general manager.



R. Maynard Toelle

Mr. Toelle entered insurance at Chicago in 1929 and was with the H. Dalmar & Co. agency there until he entered the army. He went with the western department of Fireman's Fund Indemnity following discharge and joined A.F.I.A. as midwest supervisor in 1948.

Mr. Toelle is president of Chicago C.P.C.U. and general chairman of the national meeting to be held in Chicago next month. He is past president of Casualty Underwriters Assn. of Chicago.

Mr. Toelle is replaced at Chicago by Frank A. Hohenadel. Mr. Hohenadel graduated from Loyola university and started with Aetna Casualty at Chicago as an automobile underwriter. He was with the Childs & Wood agency at Chicago before entering the army. After his discharge, he returned to Aetna Casualty and has been a field superintendent. He recently returned from six months of active duty as a captain in army intelligence.

Probe of Car-Towing Racket Conducted at Cincinnati

CINCINNATI—Testifying in an investigation into a car-towing racket in which 45 members of the local police department allegedly were given kickbacks for throwing business to favored wreckers, F. D. Burns, Underwriters Adjusting, president of Cincinnati Claims Assn. said towing fees of the accused firms were "too high." Towing charges ranging from \$15 to \$17.50 are excessive when it is possible to have a car towed anywhere in the city for \$4, he stated. Adjusters got cars off of three firms' lots as quickly as possible because "we frequently found parts would be missing." He testified that kickbacks from garage operators to claim adjusters were not prevalent, but went on in isolated cases. The investigation is being conducted at city hall by a special committee of city council.

David L. Robb, vice-president and general manager of James R. Millikan & Co., general agents of Fidelity & Casualty, told newspaper reporters that claims attorneys and adjusters of America Fore group had no arrangements with any special garage or repair shop for repairs to damaged vehicles insured by that group. Patrolman Richard Lienhardt, one of the accused, had previously testified that "all garagemen" knew of kickbacks to adjusters in wreck cases.

Mass. Joins the Union

The Massachusetts department has approved the workmen's compensation premium discount plan and retrospective plans A, B, C and D, the latter providing for optional combination of compensation with other third party liability lines.

Ask Probe of Accidents

Oak Ridge (Tenn.) Assn. of Life Underwriters and other civic clubs there have petitioned Gov. Browning to investigate the possibility that a new type of surfacing of state highways, very slick when wet, is responsible for an

increase in highway accidents. One of the incidents cited was the wreck of a car taking five life men back from a state meeting at Nashville in which Thomas G. Clynnes, manager of John Hancock, driver of the car, was killed; Ronnie F. Millsaps, Beneficial Life, W. H. Hildreth, Protective Life, and C. Boyd Jones, New York Life, were severely injured and still are hospitalized. Only David Gatlin, Beneficial, escaped without serious injury. The car skidded on the newly topped highway into the path of a truck.

Private Bondsmen Fight Payment

Attorneys for the 41 private bondsmen of the late Shibe Smith, Jr., of Dresden, Tenn., convicted of a \$13,000 shortage in his accounts as county court clerk of Weakley county, have filed suit in chancery court denying the right of the county to recover from them on grounds that the deficit has not been broken down in "pro rata" parts and the individual bondsman does not know the amount he is responsible for. So far 23 of the bondsmen have paid in \$200 each.

The William J. Snider agency at Owensville, O., has been sold to William E. Quinn.

\$600,000 Shortage in Pa. Bank with Bond of \$100,000

L. R. Schlekot, president of Parnasus National Bank at New Kensington, Pa., has been charged with embezzling some \$600,000 of the bank's funds. He was arraigned in Pittsburgh before the U. S. commissioner on charges of making false entries and misapplication of funds. American Casualty had a \$100,000 bond on the bank.

Investigation followed discovery by a bank examiner of a sheet inserted in the bank's records. It listed the cash on hand as \$719,651, but examiners found the actual money in the vault totaled only \$119,651. Affairs of the bank were to be transferred to Mellon National Bank and Trust of Pittsburgh. New Kensington is an aluminum manufacturing center 21 miles north of Pittsburgh.

Schlekot started in the bank in 1928 as a clerk, went to night school and was assistant cashier by 1947. In a reorganization, he was made president, moving up over the cashier and vice-

president. It is reported that by manipulating accounts of bank loans, he withdrew about \$300,000 which he used to purchase some 500 shares of the bank's stock, and thus secured his election as president. Apparently the bank shortages were the result of continuous kiting of drafts. Schlekot was quoted as saying that he started taking the money in 1935.

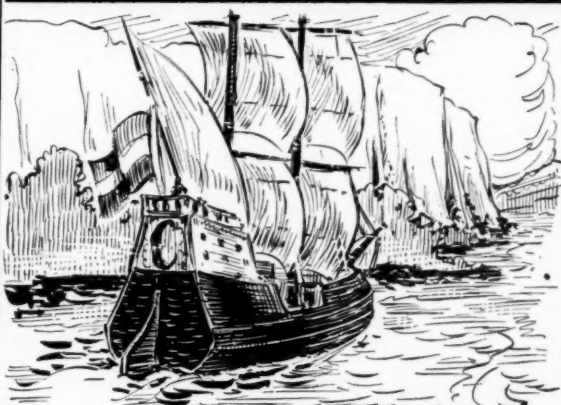
Minneapolis Reinsurance Place for E. W. Blanch

E. W. Blanch, who for the past 30 years has been engaged in the casualty insurance business, with primary and reinsurance companies, has resigned from Employers Reinsurance to join the A. E. Strudwick Co., Minneapolis reinsurance brokers, as vice-president.

Following branch office service with Liberty Mutual at Baltimore, Cleveland and Kansas City, he went with Employers Re as excess department manager and was elected assistant secretary.

Don R. Tufts of Pacific Northwest Co., regional investment securities firm, has been elected secretary of the finance committee of United Pacific.

HIGH SPOTS IN HISTORY

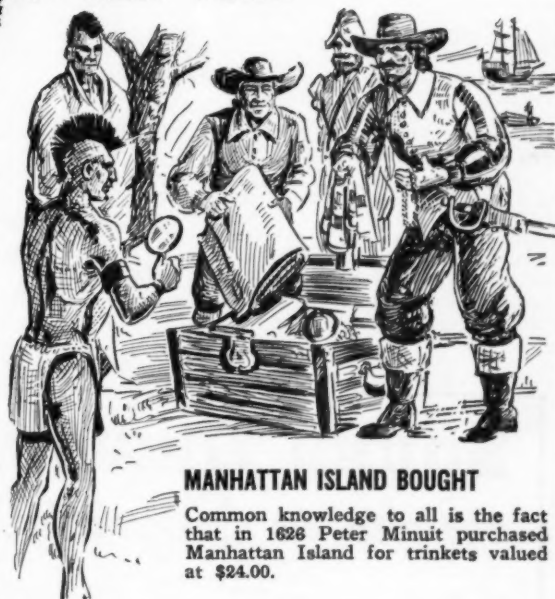


HUDSON'S ARRIVAL

In 1609 Henry Hudson, the English navigator, sailed up the river now bearing his name.



17: NEW YORK



MANHATTAN ISLAND BOUGHT

Common knowledge to all is the fact that in 1626 Peter Minuit purchased Manhattan Island for trinkets valued at \$24.00.



GEORGE WASHINGTON BECOMES PRESIDENT

In 1789 New York was the national capital. George Washington became the first president of the United States April 30, 1789.

HAWKEYE-SECURITY INSURANCE CO. INDUSTRIAL INSURANCE CO.

Des Moines, Iowa

ALWAYS A HIGH SPOT . . .

. . . among insurance agents is when they join Hawkeye-Security & Industrial.

These agents know that these two companies do everything possible to help them build volume. They can depend upon Hawkeye-Security & Industrial to provide prompt settlement . . . every sales aid . . . and skilled field representatives to work closely with them at all times.



CHANGES IN CASUALTY FIELD

United Pacific Changes at Seattle, Home Office

United Pacific in the near future will divide its Seattle office into two operating units, and Val T. Webber, now manager at Seattle will transfer to the home office as supervisor of the underwriting department. Thomas C. Orr, assistant secretary and manager at Portland has been named to head the financial section at Seattle, and W. Earle Evans, special agent at Seattle, will have charge of the Seattle northwestern unit.

Mr. Webber is an assistant secretary of the company and has been manager at Seattle for three and a half years. He has been with the company for 16 years starting in the automobile department and before that for four years was with North British at San Francisco.

Mr. Orr joined the company in 1941 in the automobile department, later was special agent and in 1943 was transferred to Spokane as manager. He was transferred to Portland two years later.

Mr. Evans started in 1934 as stock room messenger at Seattle and advanced through the various departments until he was made special agent at Los Angeles in 1943. He was reassigned to Seattle as casualty underwriter in 1947 and early this year was appointed special agent.

William A. Lubeck has been named special agent at Seattle to succeed Mr. Evans.

Merklin to Amer. Indemnity

American Indemnity has appointed Robert E. Merklin as special agent in St. Louis. He has been with National Automobile & Casualty in the St. Louis territory and before service in the army was with American Automobile.

Allstate Names J. E. Henry as Midwest Zone Manager

Joseph E. Henry, resident manager for Allstate at Chicago, has been appointed to the newly created position of resident vice-president and midwest zone manager. He will be responsible for administration of offices at Chicago, Detroit, Indianapolis, Kansas City and Milwaukee.

John H. McGillen, resident manager for metropolitan New York, has been appointed to succeed Mr. Henry as resident manager at Chicago.

Mr. Henry has been with Allstate since 1937 and was formerly assistant vice-president and resident manager at Detroit. Prior to joining Allstate he practiced law at Chicago for five years and was with the F.B.I. He served as a major in the army during the war.

Parry to Seaboard Surety to Supervise Casualty

Ellis R. Parry has joined Seaboard Surety as supervisor of casualty operations and certain specialty lines. After graduation from William & Mary in 1940 he has been continuously with American Surety except for three years of service with the coast guard.

Since the war he has been in American Surety's casualty department in underwriting and special rating. He holds an LL.B. degree and is a past member of the New York and Virginia bar associations. He is a CPCU and an instructor in the insurance school of the Insurance Society of New York.

O'Grady and Byrne to Fla.

William J. O'Grady, formerly with Royal-Liverpool and American In-

demnity, and now with Phoenix Indemnity, has been named special agent in the St. Petersburg, Fla., branch office. Edward J. Byrne, who recently completed the company's training program at the home office, also has been assigned to St. Petersburg as a special agent.

Robert Thomas Goes to Chicago From New Orleans

American Automobile is transferring Robert Thomas from New Orleans to Chicago as an assistant underwriting manager working with Wendell Wratten, branch manager. He has been an American Auto man 16 years, having started at Detroit. He went through multiple line training and subsequently was assigned to New Orleans and more recently has been assistant manager there.

Olsen Joins Auto Club

Charles A. Olsen, for the past 20 years an executive of the Cass & Johansing general agency of Standard Accident at Los Angeles, has joined Automobile Club of Southern California in the claims department. With Cass & Johansing he had been in charge of Auto Club A. & H. business. He will be special representative of the club's inter-insurance exchange, serving as chief assistant in the administration of the claims division. Mr. Olsen is a past president of A. & H. Managers Club of Los Angeles, and also served as president of California Assn. of A. & H. Managers Clubs.

Harrison Dallas Manager

Ben T. Harrison, who has been assistant manager of Home Indemnity in the Texas service office at Dallas, has been advanced to manager to succeed John A. Steel, who is becoming an executive of a new company being formed in Dallas but which has not yet completed organization. Mr. Harrison has been in the casualty and surety business in Texas for 15 years, including two years as a local agent at Paris.

Benge to West Texas

Tom Benge, special agent for Indemnity of North America at Orlando, Fla., has been transferred to west Texas, with offices at Lubbock.

Names Two Resident V.P.s

Utilities of St. Louis has appointed two resident vice-presidents, Harvey Meyers at Chattanooga and Robert B. Seybert at Oklahoma City. Both have been in the field for that company in their respective states for a number of years.

Elect Schiebel a V.P.

Charles W. Schiebel has been made a vice-president of Industrial Indemnity at Los Angeles in charge of southern California.

Mr. Schiebel, a graduate of Stanford University, has been with Industrial Indemnity since 1942. He has been manager at San Francisco since 1946.

Returns to Ohio Farm Bureau

COLUMBUS—Edward F. Wagner, Columbus district director of the Office of Price Stabilization, has resigned to return to his position as community relations director for the Ohio Farm Bureau companies. The Farm Bureau has been critical of government price controls.

Pieper to American Surety

John L. Pieper has been appointed special agent at Denver for American Surety group. He attended the University of Colorado and received a law degree from Westminster law school.

Agricultural has declared a dividend of 75 cents a share, payable Oct. 1 to stockholders of record Sept. 15.

Gibson to American Mutual Reinsurance

American Mutual Reinsurance has appointed Joseph P. Gibson, Jr., general manager and executive vice-president. Mr. Gibson has resigned as casualty manager of American Foreign Insurance Assn.

The appointment implements the decision of American Mutual Reinsurance



JOSEPH P. GIBSON, JR.

to extend its reinsurance facilities to mutual casualty insurance companies. Mr. Gibson has had a long background in the casualty reinsurance field. Alfred D. Dowrie, Jr., vice-president, will continue to develop reinsurance of fire and allied lines.

In Insurance Since 1919

Mr. Gibson graduated from Beloit College, served in the navy and started with Contractors Mutual Liability in 1919. He became an associate member of Casualty Actuarial Society in 1922 and the following year was named actuary of Security Mutual Casualty at Chicago. He liquidated the Henry W. Ives & Co. agency of New York City in 1929 and reorganized it as Excess Underwriters, Inc. He later became vice-president and general manager of Excess Insurance Co. until 1948, when he joined A.F.I.A.

Joseph Simpson Is Launching New Insurer

Aegis Casualty is being organized at Denver by Joseph Simpson, Sr., who is president of Pioneer Mutual Compensation of Albuquerque.

The capital will be \$500,000 and the plan is to start operations in Colorado before the end of this year.

President of the new company is Joseph Simpson, Jr., younger son of the organizer. Mr. Simpson's older son, Albert Simpson, is president of Old Line Mutual of Denver.

Frank Salisbury, head of the Kolob Corp., prominent inter-mountain agency at Salt Lake City, is secretary of Pioneer Mutual Compensation and is interested in the new company.

Vice-presidents are C. A. Nelson and R. B. Wilson; secretary is Carl Morse and treasurer, Albert Simpson.

New Executive Deductible

Hospital Medical Benefit of Michigan has brought out a "special executive deductible" policy. Deductibles are offered in the amount of \$300 or \$500 for hospital benefits, maximum benefits payable for one ailment being \$2,000 for any consecutive 12-month period, for an insured and his dependents, \$5,000. For surgical benefits there is \$150 deductible with a maximum benefit of \$300.

Benefits are payable on 20 surgical operations, determined by the company

SOUND GROWTH results in Security...

COAL OPERATORS CASUALTY COMPANY
GREENSBURG PENNSYLVANIA

Financial Statement At December 31, 1950

| ASSETS | | |
|--|----------------|----------------|
| Cash in Offices, Banks and Trust Companies | \$1,729,075.03 | \$1,228,392.30 |
| United States Government Bonds | 2,716,518.38 | |
| State and Municipal Bonds | 708,855.71 | 6,796,835.89 |
| Railroad Bonds | 434,620.48 | |
| Public Utility Bonds | 479,116.23 | 222,568.66 |
| Industrial and Other Bonds | 728,650.00 | |
| Preferred and Guaranteed Stocks | | 1,068,570.90 |
| Total Bonds and Stocks | | |
| Real Estate (Home Office) | | 43,095.86 |
| Premiums Receivable (Not over 90 days due) | | |
| Interest Accrued | | 18,156.38 |
| Other Assets | | |

TOTAL ADMITTED ASSETS

\$9,377,619.99

to be the ones causing the greatest loss to the insured.

The policy is effective for members and dependents to age 75, when benefits are reduced $\frac{1}{2}$ until age 85.

Pacific Indemnity Half Year

Pacific Indemnity reports net premiums written the first six months of 1951 of \$12,286,558, an increase of 6.14% over 1950. Assets of June 30 were \$40,573,586, a decrease for the six months of \$241,042. Surplus to policyholders was \$11,413,144, a decrease of \$903,930.

Auto-Owners Reports Gains

Auto-Owners of Lansing showed a gain in assets for the first half of 1951 of \$1,247,593 to \$19,575,991. Surplus was increased \$125,817 to \$6,340,403.

A substantial volume of fire insurance accounts for a considerable portion of the additional business. The company entered the fire field only a year ago.

ACCIDENT

A. & H. Agents in Michigan Must Take Examination

LANSING, MICH. — Applicants for licenses to write A. & H. or hospitalization insurance in Michigan will be subjected to written examinations after Oct. 1, it is announced by Commissioner Navarre.

Exceptions will be made for agents already licensed for these lines or those licensed at any time in the last five years. All first-time applicants and those not coming under this exception will be required to take the tests.

An applicant, upon having his application processed by the department, will be issued a license which will be automatically canceled at the termination of 130 days unless the applicant passes a written examination given by the department during the first 120 days of the probationary period. It is planned to hold examinations once a month.

Speakers for A. & H. Bureau Annual Meeting Announced

Bureau of A. & H. Underwriters will hold its annual meeting at the Homestead, Hot Springs, Va., Oct. 29-31.

On the program will be Herbert P. Stellwagen, executive vice-president of Indemnity of North America; Dr. Joseph C. Horan, associate medical director of Metropolitan Life; James T. Phillips, vice-president New York Life; Perry T. Carter, vice-president of Travelers, and Dean C. Picton, Toledo general agent.

The underwriting forum will be conducted by Douglas J. Moe, manager underwriting department United States Life. The forum will include a discussion of certain problems surrounding any possible war involving the United States.

Paul H. Rogers, Aetna Life, is chairman of the meeting committee.

J. W. Rader Takes New Post

International Fidelity of Dallas has appointed J. William Rader as director of agencies. Mr. Rader has been vice-president and agency director of Professional of Jacksonville. He was manager of the A. & H. department of Reserve Loan Life of Dallas in 1949 when that company was acquired by Southland Life. Prior to 1947 he was a manager for Provident Life & Accident.

Sanzone to Prudential

Joseph Sanzone has joined Prudential as an underwriter in the company's new individual A. & H. department. He has been for 33 years with Ocean Accident. He is former secretary of A. & H. Club of New York.

United Benefit Life has been licensed in Canada to write life and A. & H. insurance, with L. F. Flaska of Toronto as chief agent.

COMPENSATION

Nebraska "Comp" Rates Decreased 6.4% Overall

The Nebraska department has approved an average reduction of 6.4% in workmen's compensation rates effective Sept. 1.

Director Stone commented that workmen's compensation rates are 26% lower on the average than they were five years ago and 51% lower than 10 years ago, while benefits in the past five years have increased 50%.

W. G. Woltemath, department casualty actuary, estimated that the savings to Nebraska employers will exceed \$350,000 annually.

Deny Schedule Elimination

California Inspection Rating Bureau's application, made Feb. 5, for elimination of the 1924 schedule rating plan of workmen's compensation, has been de-

nied in a partial decision by Commissioner Maloney, who has adopted the decision of H. A. Benjamin, chief of the conservation and liquidation division, and who held hearings on the petition at Los Angeles and San Francisco.

Mr. Maloney said that 667 letters and documents had been presented urging denial of the petition, while only 17 had favored it. Mr. Benjamin recommended further study to determine whether defects in the plan can be cured by amendment.

New Edition Published of Industrial Safety Book

Practical ways to prevent industrial accidents and fires are contained in the new edition of the National Safety Council's 800-page "Accident Prevention Manual for Industrial Operations." This is an expanded second edition. It contains 256 more pages and 11 more sections than the first. The book is confined principally to safety in the manufacturing industry, and is based on the premise that a major proportion of all accident causes are common to all industry.

Reprints of the various sections of the second edition have been bound in paper

and may be purchased separately for such purpose without buying several complete manuals.

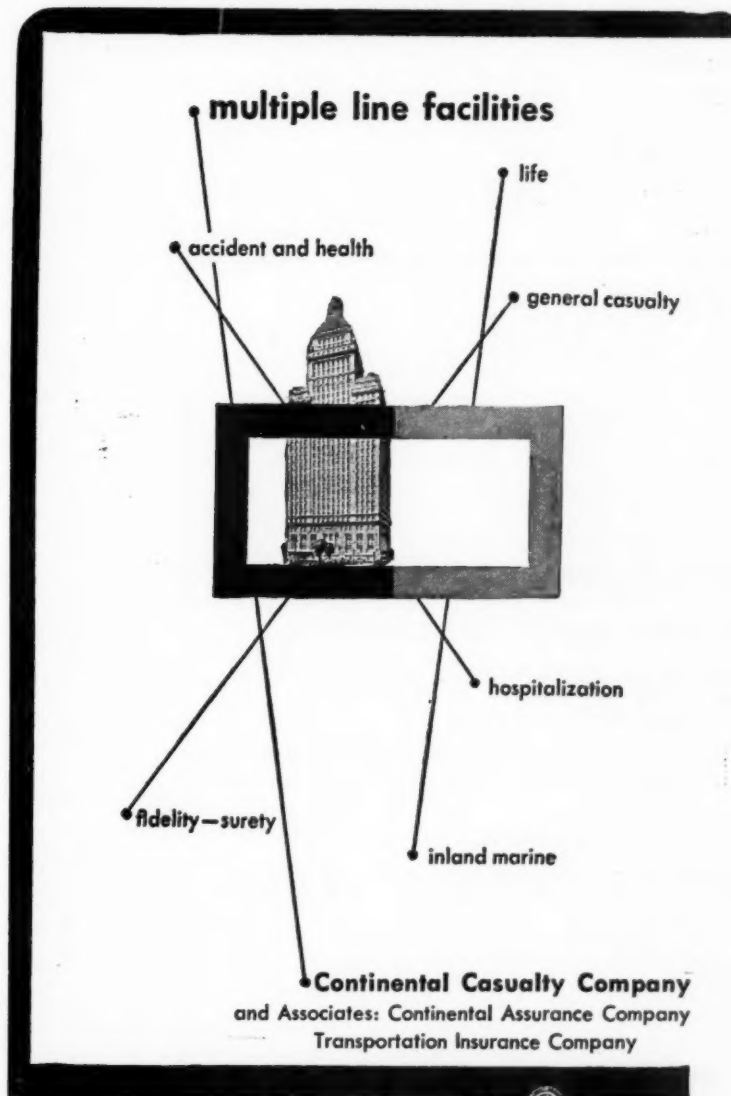
In addition to the table of contents, each section of the book lists its own contents. There is an exhaustive alphabetical index. Detailed description and price may be obtained by writing the National Safety Council, 425 No. Michigan Ave., Chicago 11, Ill.

Chicago Accountants Dine

Chicago Insurance Accountants Assn. at a dinner on Sept. 20 will witness a demonstration of the adaptation of microfilm to insurance records. Stephen Peters of Hartford Accident will lead the discussion.

The association is making a drive for new members and friends. Those interested in attending the program are asked to call Ruth Hessler of Home Owners Mutual, secretary-treasurer, Randolph 6-0871.

R. E. Dalstrom, Chicago, district safety director of Lumbermens Mutual, will be among the insurance executives who will speak at the National Safety Congress at Chicago, Oct. 8-12, on safety in confectionery plants.



Continental Companies Building • Chicago 4

W. R. Mengelberg on Leave; Weber Kemper Group V.P.

Walter R. Mengelberg, vice-president and manager of the underwriting department of Lumbermens Mutual Casualty and American Motorists, after 30



Martin W. Weber



W. R. Mengelberg

years of service has requested and been granted a year's leave of absence.

Martin B. Weber has been elected vice-president and will become manager of the underwriting department Sept. 1. Mr. Weber went to the Kemper group in 1925 from Wisconsin Rating & Inspection Bureau, becoming manager of the compensation underwriting division and more recently second vice-president and executive assistant to the president.

Put Up Guards Against Castoff Class 2 Risks

With American Automobile having reduced commissions on class 2 automobile risks (those afflicted with the under-age driver) and with two or three other insurers reportedly having closed the gates on the writing of any new auto-

mobile business, competing companies are watching their P's and Q's closely when they are fellow citizens of the same agency with American Automobile or one of the other companies that has taken a position of that kind. The other companies feel that they must be on the extreme alert to avoid being the recipient of unwelcome former class 2 risks of American Automobile or any other company that may be taking the same step. The companies are tagging every agency that they have which also represents American Automobile and are watching the business very carefully.

V.C. Smith Is New Head of Ill. Assigned Risk Plan

Vance C. Smith has been named manager of Illinois assigned risk plan to succeed C. M. Kinney, who has resigned.

Mr. Smith, a brother of Chase M. Smith, general counsel of Lumbermens Mutual Casualty, has been with the Kemper organization since 1923. He has served as general auditor, resident secretary in Canada and treasurer of James S. Kemper & Co. When in Canada for a time he was chairman of the board of governors for the assigned risk plan in Ontario and eastern Canada. He started his insurance career in 1917 with the Illinois department.

Foster to National Bureau

Rayford G. Foster, who has been a rater in the general liability section of the Texas department casualty division, has become assistant manager of the southwest branch office of National Bureau of Casualty Underwriters at Austin.

Ray Brenner has become a partner in the W. F. Elliott & Co. agency, San Antonio, succeeding Robert Carter, retired.

American Auto "Ads" to Feature Poster Series

American Automobile starting in September will run a series of four advertisements in insurance trade journals emphasizing various aspects of insurance protection. The advertisements are reproductions of posters prepared for use by producers. The poster makes no mention of American Automobile by name, and can be used by any agent or broker requesting copies.

The September poster will feature a photograph of a jury, and the copy urges the reader to see his agent to be sure that his liability limits are sufficient. In October there will be a poster on teenage drivers and in November an explanation of how insurance company sponsored accident prevention programs have contributed to industrial safety. In December there will be featured the value of insurance as 24-hour a day security provided by an agent or broker who is experienced and whose knowledge can provide adequate protection at the lowest possible cost.

The posters are to be 19 x 25 inches and the accompanying reading matter is brief.

Surety Group Takes Lead in Clarifying Ill. Bond Rule

The amendment to the Illinois school code clarifying the bond required of a township treasurer, allowing for a decrease in the bond during the treasurer's term, and including "moneys" in the items under the treasurer's custody, together with a newly enacted section allowing special bonds covering bond issues, is largely the result of much diligent effort on the part of Surety Underwriters Assn. of Chicago.

It had been the practice in Illinois to write a special bond on the township treasurer when a bond issue was put forth by a school board, but the Illinois office of public instruction last fall issued an opinion that such bonds were illegal and not provided for in the statutes. The statutory bond was therefore deemed sufficient, if it were increased to cover the bond issue. The weakness from the viewpoint of the school trustees was that the school code allowed for no decrease in the treasurer's bond, and the bond got to be unnecessarily high once construction of a new school started and brought almost immediate reduction in the amount of money handled. If a special bond were written, it could be done at a lower rate.

L. I. LeMessurier, Employers Liability; Joseph I. Johnson, Aetna Casualty, and Henry Lamp, American Automobile, were named to the public official committee of the surety association. Mr. Lamp, who is an attorney, prepared a memorandum showing some of the inconsistencies of the school board's provision, and Messrs. LeMessurier and Johnson carried the case to the legislature.

John F. Hart Advanced

John F. Hart has been appointed acting divisional manager of New England Fire Insurance Rating Association at Bridgeport.

He joined the rating association in 1946, and has served in divisional offices at Springfield, Hartford and Bridgeport, as well as in the schedule rating department at Boston.

National Union Results

The National Union group June 30 reports an increase in premiums for the first six months of 15.8%. Of this, \$1,718,757 represented increase in business written by the parent company alone, or 14.6%. After providing for an increase in unearned premiums of \$1,197,074, underwriting profit recorded by National Union amounted to \$303,231 before federal income taxes.

Premiums on casualty operations increased 38% to \$1,001,329. This large increase in premiums and relatively poor experience on casualty business the first half of the year served to reduce the consolidated underwriting profit to \$220,562 for the entire group, also before federal income taxes.

Net investment income amounted to \$637,965 for the group, an increase of \$25,852 over the same period last year.

Allstate to Have Midwest Building Near Chicago

Allstate has announced plans for erecting an office building in Skokie, Ill., to serve as midwest zone and Chicago branch office headquarters. The home office will remain in the new Allstate Insurance building, 3245 West Arthington street, Chicago.

The new building will be a one-story administrative-type structure consisting of approximately 70,000 square feet. The site is a 7/4 acre tract southeast of the intersection of Skokie boulevard and Lincoln avenue. The cost of the entire project has been estimated at \$1 million. Plans call for completion of the building in April, 1952.

The midwest zone includes branch offices at Chicago, Detroit, Indianapolis, Kansas City and Milwaukee.

Idaho Compensation Is in Need of More Surplus

Recommendation that Idaho Compensation of Coeur D'Alene increase its surplus was made by examiners from the Idaho and Montana departments. A special examination was requested this spring by the Montana department. Idaho Compensation is a principal factor in the compensation business in Montana. Commissioner O'Connell of Idaho said that Idaho Compensation suffered a "drastic" reduction in surplus in 1950. However, he said that his department would continue to certify the financial condition of Idaho Compensation as being adequate to carry the large volume of compensation business which it transacts in Idaho. Examiners stated that Idaho Compensation increased its rates substantially effective July 1 to reflect the increased benefits that were enacted in both Montana and Idaho this year.

Report on Sterling

Sterling of Chicago at Dec. 31, 1950, had assets of \$7,057,773, capital \$947,380 and net surplus \$3,429,307, according to the report of an examination conducted by Illinois, West Virginia, Missouri, New Mexico and Arizona. Principal officers are Louis A. Breskin, president; John H. Lumley, executive vice-president and secretary; G. E. Holmquist, vice-president and J. A. McCullagh, treasurer. There is \$175,000 business life insurance on Mr. Breskin and \$100,000 on Mr. Lumley.

There are 750 agents. Life insurance in force was \$41,737,930. A. & H. premiums earned were \$3,674,843, losses incurred \$1,378,490, ratio 37.5. The ratio of loss adjustment expenses incurred to premiums earned was 4.5, underwriting expenses incurred to premiums earned 57.8 and percent of loss adjustment expense incurred to losses incurred 12.

Warning on K. C. Insurer

The California department has issued a warning regarding mail solicitations for Safety Drivers Insurance Corp. of Kansas City, through American Automobile Owners Safety Assn. Neither is licensed in that state.

Insurance Square Club of New Jersey will open its season Sept. 10 at Newark.

Marjorie Westphal, the president, and the other officers of Insurance Women's Club of Springfield, Ill., were installed at a dinner meeting that was addressed by William Perkins of Continental Casualty on polo insurance.

REINSURANCE Agency Inc.

309 W. Jackson Blvd.

CHICAGO 6, ILLINOIS

Andrew J. Helmick, Pres.
Tel. WAbash 2-7515

Supervising Agents

PEERLESS CASUALTY COMPANY
NEW HAMPSHIRE

REINSURANCE AND EXCESS COVERS

Treaty — Facultative — Fire — Casualty
Quota Share — Surplus — Excess
DOMESTIC AND FOREIGN

NOW AVAILABLE

A HOSPITAL EXPENSE PLAN

PAYING

From \$5 to \$10 a day for 100 days accident or illness. Plus 10 times the daily rate for miscellaneous expense. Plus 3 times the daily rate for emergency expense for injury.

TO WHICH MAY BE ADDED

Surgical expense providing \$125, \$225 or \$300 maximum. Medical expense providing \$3 daily for doctor's visits in hospital.

New Amsterdam
Casualty Company

BALTIMORE

NEW YORK

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DETROIT REINSURANCE PARLEY

Skimpiness of Excess Limits Table to Be Assessed

The inadequacy of excess limits tables will be one of the main subjects discussed at an open forum luncheon meeting at Detroit Oct. 3, under the auspices of the reinsurance committee of National Assn. of Mutual Insurance Companies. Other matters of interest to reinsurers and primary companies will also be discussed. Chairman of the reinsurance committee is L. H. Grinstead, who is president of Beacon Mutual Indemnity of Columbus. Other members of the committee are J. F. Hynes, president of Employers Mutual Casualty; H. L. Wittwer, secretary of Farmers Mutual Automobile of Madison; Lynn Matteson, secretary of Mutual Service insurance companies of Minneapolis, and Berthold Woodhams, president of Citizens Mutual Automobile of Howell, Mich.

Washington Agents Name A. S. Brown New President

(CONTINUED FROM PAGE 15)

matter how fine their intentions."

The new officers were installed at the banquet. Mr. Sargent was presented with a barbecue oven. Mr. Norgard received a gift in appreciation for his many years service as state national director. LeRoy Hunter, Seattle, chairman of the educational committee, received an engraved wrist watch. He was lauded for his untiring efforts in extending educational facilities throughout the state. It was pointed out that under his leadership the state led the nation in number of N.A.I.A. introductory and standard courses given the first half of the fiscal year.

Mr. Miller was presented a painting of the Tacoma Narrows Bridge with Mount Rainier in the background, as a memento of the convention. George B. Guyles, Tacoma local agent, was toastmaster.

The second day of the convention opened with breakfast sessions of the casualty contact, fire contract and educational committees.

Licensing Program Discussed

Commissioner William A. Sullivan discussed the department's new licensing program. He recently appointed a seven-man advisory board, each member representing a different segment of the insurance industry. Robert D. Williams, insurance attorney, discussed the legal responsibility of operating a local agency. J. W. Reynolds, president of United Pacific, detailed some of the problems confronting the agency system and the companies which adhere to it. An inspirational talk on salesmanship, "Sizing up the Prospect," was given by Kimball I. Jack, Spokane, advertising and publicity manager of Washington Water Power Co.

The golf tournament was held Tuesday afternoon at Fircrest Golf Club. Non-golfers enjoyed a boat trip on Puget Sound. The grand finale was an elaborate cocktail party and buffet supper sponsored by United Pacific.

Wenatchee Agents Elect

Wenatchee (Wash.) Assn. of Insurance Agents has elected Earl T. Jones to succeed Harry J. Ahlers as president; H. G. Kenaston, vice-president, and Clair Warren, reelected secretary.

Two Bids on Richmond Schools

RICHMOND — Identical bids from two insurers were received by the Richmond city school board for blanket coverage of Richmond's school system, both for pupils and employed personnel. Neither bid was accepted, but both were

referred to an insurance advisory committee for study.

The competing companies, Pilot Life and North American Assurance of Richmond, bid \$1 per person. The school insurance plan carries a maximum protection up to \$1,000.

Colo. OK's P. D. Increase But Rejects B. I. Hike

Commissioner Kavanaugh of Colorado has given approval to automobile collision and property damage liability rate increase filings but he turned down the application for an increase in bodily injury liability rates. The increase amounts to about \$1 in the premium at Denver and 50 cents in other parts of the state except for cars with drivers of 25 or under, which will have an increase of about \$4.50 in Denver and \$3.50 in other parts of Colorado.

This action applies only to private passenger cars. The commissioner indicated that he would not approve an increase for either P.D. or B.I. on commercial vehicles.

Increased auto B.I. and P.D. liability rates became effective this week in Georgia on private passenger cars. There was no changes in the rates for commercial vehicles.

A combined passenger car rate that is now \$36 represents an increase of \$4.50; \$26, increase \$3; \$28, increase \$4; \$57, increase \$7; \$44, up \$6; \$50, up \$6.50.

Life Business in Spotlight

Fire and casualty insurance matters will take a back seat to life insurance at fall hearings scheduled by the New York state legislative committee on insurance rates and regulations. The committee plans to take up Section 213, the life company expense limitation law, and life insurance on minors, but, according to Paul Bleakley, committee counsel, the committee has nothing definite in mind as yet for the first and casualty insurance business.

Agents in Forest Fire Drive

The Washington Association of Insurance Agents has embarked upon an extensive forest fire prevention campaign in cooperation with "Keep Washington Green" and the U. S. Forest Service. Roger Leidy, Walla Walla, chairman of the state fire prevention committee, has announced.

Robert Weber has joined the Portland, Ore., office of Byington, Rychard

& Hurley. He started in insurance work in 1941 and has been a partner in the Portland agency of John Schibel & Co.

Insurance History of Ky.

Senator Paul J. Stapleton of Fort Thomas, Ky., has presented to directors of Blue Grass Life an unpublished book on the history and activities of insurance companies in Kentucky. He said it will be printed by the Kentucky department as soon as funds are obtained, and then will be generally available.

Ernest C. Burghardt, oldest employee of Standard Accident in point of service, was feted on his 50th anniversary with the company. He was presented with 50 roses, a television set and a desk set. He is examiner for compensation and plate glass in the casualty claims department.

Old Line Mutual of Denver has advanced Edwin G. Alexander, Denver agency manager, to vice-president.

Oklahoma Assn. of Insurance Agents is sending a member of the Oklahoma City police force to Evanston, Ill., for a four months course in traffic administration at the Northwestern University traffic institute. It has followed this practice for four years.

25th Anniversary Year

CENTRAL SURETY AND INSURANCE CORPORATION

A Multiple Line Company

INSURANCE AND SURETY BONDS

It's Wise to Centralize

CENTRAL SURETY AND INSURANCE CORPORATION
R. E. McGINNIS, President

HOME OFFICE KANSAS CITY, MISSOURI

ASSETS \$18,971,719.34
CAPITAL \$ 2,000,000.00
SURPLUS TO POLICYHOLDERS \$ 5,618,642.96

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Flood Insurance Question Is Studied from All Angles

(CONTINUED FROM PAGE 1)

hand opinion that such insurance, if it could be gotten at Lloyds, would cost at least \$60,000 a year. He suggested that instead of buying insurance they invest \$60,000 a year over a five year period to protect the plant against the physical risk of flood, mainly by the erection of dikes. This company took the advice and it suffered not a whit of damage in the recent flood.

Insurance people pricked up their ears this week at announcement of President Truman's flood relief program that embraced setting up a "national system of flood disaster insurance," similar to the war damage program of the last war.

This is in line with the memorandum of A. E. Howse, assistant to C. E. Wilson, favoring a half billion dollar Congressional appropriation to reimburse flood victims on a deductible basis and the setting up of a government insurance program for future floods.

All proposal for flood indemnity under additional extended cover involve government reinsurance of the flood feature and that raises many doubts in the minds of insurance men. There is the fear that this would put Washington in too intimate association with private insurance undertakings and might create a bureaucratic appetite to be buddies in more insurance provinces. Some of the insurance people prefer separate government flood insurance. There are some company executives who are not prepared to say that flood insurance is not something that can be digested at the private commercial level. However, there is a strong feeling that if flood in-

surance should be welded into AEC nationally, the program would be undermined by cut rate competition with flood excluded in the non-flood areas.

N. Y. PRESS CONFERENCE

NEW YORK—At a press conference conducted here by City Manager L. P. Cookingham of Kansas City, Mo., and Morton T. Jones, president of Kansas City F. & M. and chairman of that city's flood information committee, Mr. Jones indicated that if the federal government would take effective flood control measures of flood insurance risk would be such that private insurers could write it. He made the statement in response to the question from one of the 15 newspaper and radio reporters who attended the conference, "How can property owners get insurance written either by the government or private companies?"

However, he had already pointed out that some domestic insurers had tried writing flood insurance at various times and given it up and that none writes it today except incidentally in marine coverages. He opined that little flood insurance would have been written in the Kansas and Missouri River valleys in past years, even if it had been available, because the threat of flood was so remote that property owners were not interested, or certainly not interested enough to pay the premium that would have had to be charged the few who, located in an area subject to flood, would have bought it.

Of the estimated \$500 million of damage done by the flood, Mr. Jones estimated that not more than \$3 million

was covered by insurance, which includes automobiles, goods in transit, TWA motors and parts, grain, etc. So far as is known there were only four specific flood policies in the flood area, written by London Lloyds.

A prime requisite for writing any kind of insurance is the necessity that insurers secure spread and that they are likely to get it. No insurer or group of insurers is going to put all its eggs in one basket, as they would do if they wrote several million dollars of flood insurance in one area subject to catastrophic flood loss.

Mr. Jones said that two suggestions are creation of a flood damage corporation subsidized by the government and operating on about the same basis as the War Damage Corp. did in the second war, or that the government create and administer a low cost program of insurance for indemnifying those suffering flood losses.

The primary objective of the conference was to correct an impression created by the news of the flood disaster in the two Kansas Cities that the metropolitan area which they constitute has been demolished. This impression exists, the two said, to some extent extrawide and world wide. The devastation was serious enough, but business and industry have recovered about 50% and expect to be recovered 95% by Sept. 1. The two Kansas Cities are back in business. He noted that cleaning up alone will cost about \$500,000 in Kansas City, Mo., and several millions in Kansas City, Kan.

It is too early to get any reaction from top insurance company executives on President Truman's proposal for a flood damage corporation to be operated through existing private insurance facilities. It is probable that insurance executives will wait to see how much future the proposal has before expressing any sentiment with respect to it. Insurance Executives Assn. had given the go-ahead for a study, to start immediately, of the flood insurance problem. Insurers might want to make their study in any event.

Warn Against Over-Optimism

Agency leaders have been somewhat disturbed by what they regard as over-optimistic reports of the discussion on flood insurance at the meeting in New York last week of the forms committee of Insurance Executives Assn. and a subcommittee of the property insurance committee of National Assn. of Insurance Agents. Some stories have given the impression that flood insurance is just around the corner.

Actually, the N.A.I.A. group asked the company representatives to study the situation to determine whether any plan of private insurance is feasible and to make the results of the survey, supported by facts and figures, public, so that agents can explain whatever position is taken by the business. They pointed out that every major disaster involving uncontrolled water has provoked agitation for insurance and criticism of the insurance business for not providing it, the criticism in one case coming publicly from the governor of a state. In the opinion of the agent's group, no serious attempt has been made to determine the nature and scope of the risk, or at least, no studies have been made public and the agents lack the actuarial resources and facilities to get the facts.

The request went beyond insurance against floods in the technical sense. It referred to "uncontrolled water" and mentioned, in addition to flood, loss from tidal wave, wave wash, bursting of dams and failure of conservancy measures. Obviously, any general program of flood insurance alone would not satisfy anyone in an area which has suffered or is exposed to tidal waves, but not flood. Leading members of the

agents group are interested in getting facts which they can tell the public, rather than in trying to force companies to handle something beyond their capacity.

The special committee of Insurance Executives Assn. on this subject consists of J. V. Herd, vice-president America Fore, chairman; A. L. Polley, vice-president Hartford Fire; Walter Meiss, U. S. manager London Assurance; C. L. Allen, vice-president Aetna Fire, and J. L. Erhardt, assistant U. S. manager, Royal-Liverpool.

TRUMAN PROGRAM

WASHINGTON—A. E. Howse, assistant to Defense Mobilization Director Wilson, confirms that he recommended a multi-million flood relief fund and establishment of a federal system of flood disaster insurance, based on reinsurance of private insurers if possible, which President Truman asked Congress to authorize, in a special message.

The President's program calls for immediate appropriation of \$400 million "to provide funds to establish a national system of flood-disaster insurance, similar to the war damage insurance system of World War II," among other purposes. These latter include indemnification of flood victims for "a portion of their loss of real and personal property," help to farmers by replacing buildings, etc., through loans and other assistance, loans to replace homes and business building destroyed and to state and local governments.

The President announced intention to establish a flood disaster administration in carrying out his program.

"Very few, if any, individuals or businesses had any insurance protection against their flood losses," the message said. "Generally speaking, private insurance companies have not offered such protection, because of the uncertain nature of the risk."

Sliding Scale Proposed

The President recommended the proposed indemnity program should provide a sliding scale. He suggested "on the first \$10,000 of loss (after deducting a standard amount of perhaps \$200), the payment might be 80%, on the next \$10,000, 60%, and so on, with a maximum payment of perhaps \$20,000 for any one claimant."

The President wrote further: "The lack of a national system of flood disaster insurance is now a major gap in the means by which a man can make his home, his farm, or his business secure against events beyond his control. It is a basic requisite to the rapid reopening of plants in the flood region, where dikes cannot be rebuilt for some months, and companies are unwilling, in some cases, to undertake the risk of being inundated in the meantime."

Based on Private Insurance

"The system of flood insurance should be based, if possible, upon private insurance with reinsurance by the government. This was the principle of the war-risk insurance in effect in World War II. It depends, of course, upon the demonstration by private insurers that they can meet the needs of those seeking insurance at reasonable rates. "Once the system of flood insurance is in effect, there should be no need in the future for a program of partial indemnities such as is now proposed for the midwest flood victims. As a permanent national policy, insurance is far superior to direct federal payments."

The President estimated flood losses as including over \$1 billion physical damage, at least that much more in loss of income, more than \$1 billion property damage and loss of production and employment suffered by industry.

He said his program incorporates principles recommended by the governors of Missouri and Kansas and the governors' advisory committee.

Howse confirmed his part in the pic-

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Problems in All-Risk Cover Reviewed

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the policy ran. It would ascribe to the parties not only the futile but even the fatuous motive of listing eleven specific perils when other language had already comprehensively included these eleven, as well as every other conceivable risk except the excluded ones.

The dissenting justice claimed that since policies of insurance are written for the benefit of average men who are not trained or experienced in the technical construction of contracts, such policies should be construed from their viewpoints. He claimed also that in plain language the policy insured the property against loss in any one casualty while in transit or otherwise; that the 11 specific risks insured were merely withdrawn from the general insuring clause; that the listing was for the purpose of definitely binding the company to the inclusion of such items.

Insurance Growing Pains

These are unfortunate cases, Mr. Landis commented, but they are evidently the result of growing pains in the economy and in the American insurance mechanism.

As the American economy developed, and as general laws governing the organization of insurance companies were passed, a compartment pattern as to kinds of insurance and kinds of companies evolved. Five broad company compartments evolved: life, fire, marine, fidelity and surety, and casualty. Many kinds of insurance evolved. The New York law defines 22; most other states, a slightly lesser number; but none the kind called today "all risks" insurance.

It was to be expected that, as the economy progressed, through improved means of transportation and communication, and through the impetus of industrialization, partly to meet the demands of two world wars, the various kinds of insurance companies, competing for the chance to protect the increased and more widely distributed wealth of the nation, would be stepping on each other's toes. Thus, marine underwriters were the first to use their heritage to get into what is now called the inland marine field and to apply their "all risk" technique, first, to property in transit, and later, to property at fixed locations. The competitive struggle affected so many interests that it became necessary for the state supervisory authorities to earmark the insurable property which various kinds of companies might insure under inland marine policies. This is commonly called the "nation-wide definition and interpretation of inland marine underwriting powers."

Whole Picture Changed

All this is changed by the passage of multiple line laws in all but two states—Ohio and Arizona. Now, any kind of insurance company other than life can write any kind of insurance other than life business, providing certain charter amendments are made and certain financial requirements are met.

This single circumstance has increased the attention and interest in "all risks" insurance immeasurably in the past five years.

There are some who say that the speed of it calls for a "seventh inning stretch," Mr. Landis noted. He called attention to one development, the comprehensive dwelling endorsement. This is a product of mutual insurance working through the Transportation Insurance Rating Bureau and has been prepared within the past two years.

For some time, he said, the owners of personal property have been insured against all risks and world-wide, and many of these have asked whether the same kind of insurance could be supplied on real property. Now it can be done, because the legal barriers have been removed.

The mechanics are still a bit complex but not insuperable. First, about half the states have what is called a statutory

fire policy law. It has been assumed that such laws would have to be repealed before any insurance, including the fire hazard, could be written on real property in any other manner than with a standard fire policy. For years, such basic statutory policies have been broadened and extended to cover additional perils but it has only recently been thought that an "all risks" extension could be endorsed on them.

Next, the rate-making pattern has followed the kinds-of-insurance pattern. As each new kind was introduced, experimental premiums have been adjusted in level, based on experience. The task of rate-making was ultimately delegated by individual companies to inter-company bureaus, most of which exercised a type of private police power by membership agreements. It was the alleged unlawful exercise of this power which was challenged by the federal government in the S.E.U.A. decision. All told, the problem was handled by 34 fire rate-making bureaus spread throughout the United States; 2 inland marine rating bureaus, 2 casualty rating bureaus, 1 surety rating bureau, and 1 automobile physical damage rating bureau, all national organizations and still functioning. Aside from these bureaus, there have been innumerable advisory, regional, executive, trade and group organizations to which individual companies have belonged and which, in a sense, affected and continue to affect the overall philosophies and policies of the industry.

Two Developments at Once

The enactment of public law 15, as the aftermath of the S.E.U.A. decision, caused all states to pass new rate regulatory laws, to confirm the practice of state supervision of the business. These laws adhered to the traditional compartmental pattern and added further complexity to the problems posed by the prior and subsequent enactment of multiple line laws. It might have been easier or simpler for the industry and the public to stabilize one development before trying to meet the impact of the other.

However, the business has to deal simultaneously with both problems and now has the suggestion that the philosophy of the statutory fire policy laws is to guarantee the public a minimum rather than a maximum amount of protection when the fire hazard is insured against, and this statesmanly viewpoint may encourage some companies to abandon the endorsement method and come forward with an all-risk policy on real estate. Also, we have just witnessed the creation of a new national rating bureau called the Multiple Perils Insurance Rating Organization, which has for its purpose the pulling together of the individual risk rates into an indivisible premium for all-risk insurance, and to get the same approved by supervisory authorities for its members and subscribers.

Describing the comprehensive dwelling endorsement, Mr. Landis said it commences with a standard fire policy and to it are added the current extended coverage endorsement, this combination insuring against 11 named perils: Fire, lightning (the policy), and windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles and smoke (the endorsement). At this point, the stock company and mutual company interests veer apart, as to this coverage.

All Risk vs. Named Peril

Some stock company people hold the belief that a policy must name the perils specifically for the guidance of underwriters and to establish an understandable limit on the boundaries of the contract. Mutual people believe that the contract can be safely extended on an "all risks" basis.

The stock company viewpoint has resulted in the promulgation of what is

called "additional extended coverage endorsement." It covers: Direct loss or damage by water from plumbing and heating systems, rupture or bursting of steam or hot water heating systems (except steam boiler explosion), vandalism and malicious mischief, vehicles owned or operated by the insured or by any tenant of the described premises, glass breakage, ice, snow and freezing, fall of trees, and collapse—a total of 9 additional perils, if the count is governed by the commas in the form. The additional rate is 4c per \$100.

A contract prepared on this basis contains a total of 20 named perils: 2 provided by the policy; 18 provided by two endorsements containing 9 each.

The mutual people proceed by adding to the policy containing an extended coverage endorsement an additional endorsement which extends the contract "to include direct loss resulting from

physical damage by all other risks to the structures described in the policy." This endorsement then proceeds to exclude those losses which are uninsurable, beyond the scope of the contract, or catastrophe.

The endorsement is available only for insurance of owner-occupied single dwellings. Personal property is excluded to avoid overlapping with similar insurance on it. Flood, countrywide, and earthquake damage on the Pacific coast, are so catastrophic in nature and so confined to known geographical areas that the exclusions are a concession to the many purchasers of the contract who would presently rebel against a premium loading to cover them. The rate is 10c per \$100. The name of this endorsement is "comprehensive" and not "all risks."

These two endorsements clearly illustrate the difference between the "named

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peril" and the "all risks" approaches to drafting insurance contracts. The New York superintendent, A. J. Bohlinger, suggests the following possible advantages for the "all risks" approach:

- (1) It avoids uncovered gaps in protection.
- (2) It avoids overlapping coverage.
- (3) It can probably avoid adverse selection.

(4) It can effect probable economies in management, marketing, servicing and premium.

The disadvantages are less obvious and somewhat conjectural. There are, of course, problems of licensing, accounting, examination of companies, taxation and rating. These can be worked out by willing administrators of the laws in the several states or by appropriate amendments of the statutes now in force. Probably the greatest disadvantage is the simplicity of the concept itself and the difficulty in obtaining clear public understanding of it. In a semantic sense, the term "all risks" is an abstract, a device by which the public is afforded the broadest protection possible under the law and the mechanics of insurance. Complete understanding of it requires a clear understanding of the distinction between the meaning of "risk" and "loss."

Liability Insurance Difference

There is a very important difference between "all risks" property insurance and "all risks" liability insurance.

All property can be roughly divided into two classes — movable property (personal), and property at fixed locations (real). Both classes are exposed to identical perils which vary only in extent because of the nature of the property and its temporary or permanent location.

Individuals and business organizations have differing liability exposure growing out of personal activities, operations, use, ownership or maintenance of property. Liability is identical in all cases, based upon tort or contract, but exposure is not identical. One person plays golf, another does not; one business maintains elevators, another does not.

These differences carry over into the rating procedure for each kind of insurance. Property insurance rate-making is principally concerned with means for measuring equitably the variation in degree of risk—frame vs. brick construction, protected or unprotected. Liability insurance rate-makers face two problems: (a) segregation of non-existent exposures; (b) variation in degree of existing exposures.

Three All Risk Types

These matters have had an important bearing upon the use of the "all risk" technique up to this time. Three basic types of "all risk" liability policies have been developed:

(1) Comprehensive personal liability—single premium, single insuring clause—to cover a sphere which has great homogeneity, small pure premiums, but high expense loading if each exposure is handled separately.

(2) Comprehensive general liability—single insuring clause, divisible premiums—audit of exposures at inception and expiration of policy, to determine proper advance and final premium, but no marked saving in operating costs reflected in lower premium for the policyholder.

(3) Combination comprehensive automobile liability and physical damage policy—separate insuring clauses, divisible premiums—buyer option to pick and choose coverages he desires.

In the property insurance field, the "all risk" technique has been applied almost exclusively to personal property of various kinds written by inland marine insurers, the single exception being the comprehensive dwelling endorsement just recently promulgated.

The big question is — how much further can the "all risk" technique be extended, and is it feasible and practical to combine "all risks" property insurance and "all risks" liability insurance in the same contract?

There appears to be but a single example of this combination in this country, the standard boiler and machinery policy, which is written for a single limit of liability and pays off to the extent of such liability: First, for the damage to property of the insured; next, for damage to property of others; and last, for personal injury liability of the insured.

Whether or not a further adaptation of this example can be made is an open question. The proponents argue that it can be done and point to the British "all-in" policy, which contains liability and property exposures in one policy and under one insuring agreement. Representatives of the New York department who made a study of the matter in the field in England point out that the British economy is so completely different from the American economy that the same type policy in this country would not be feasible. Other students of the problem in this country argue that the rating methods and habits which have become so imbedded in our insurance mechanism preclude such a combination of insurance for the reason that there is no relationship between the insurable value of property and necessary limits of liability insurance; that large risks need to be spread among several insurance companies for direct loss coverages because of the catastrophe hazard, whereas the same risks are insured for liability exposures by a single carrier. This point emphasizes another principal difference between the two major kinds of insurance. Property insurance has low frequency of loss but catastrophic loss probabilities, whereas, liability insurance has high frequency with low catastrophic probabilities. And finally, it is said the reinsurance practices in the two major fields vary too widely to make the project practical.

"You Are Insured, Period"

At the moment, therefore there seems to be no immediate possibility for providing what might appear to be an answer or an end to insurance buyers' troubles and the desire of the industry to solve them by providing a contract which, in effect, would contain a single phrase: "You are insured, period."

The litigated cases which have dealt with the "all risk" technique are comparatively scarce. They are either ancient, in that they involve the construction of the earliest marine policies or they are of very recent vintage and cause one to wonder why the issues ever arose.

Depending upon the angle of one's viewpoint, there seems to be a never-ending design by a few persons to stretch the meaning and intent of insurance contracts beyond the fundamental purpose of insurance. It would be attributing ulterior motives to them to charge that such claimants are insincere but the needless expense incurred by such litigation has retarded and continues to retard the improvement in the context of all insurance policies. The thought is on the tip of many tongues that it is not safe to depart too far from construed terminology lest some court need be called upon to settle the meaning of new words.

Flood Insurance Question Studied from All Angles

(CONTINUED FROM PAGE 22)

ture shortly before leaving for the flood area.

Insurance industry representatives reacted diversely to the President's proposal for government flood insurance. Various industry organizations were understood studying it. Admitting commercial flood insurance is too costly to be afforded by the average property owner, one industry representative compared the situation to the war damage problem, and asked: "If industry will not do the job, what is there but for government to do it?"

Another insurance representative said it is the belief of property insurers they cannot write flood coverage because the

only people to get it would be those in river lowlands, thus making all the business bad risk. However, as an exception, it is said a small amount of commercial flood insurance has been sold, for example, to a chain store or similar organization which buys coverage for perhaps several hundred stores or branches, a few of which may be in lowlands.

One industry representative said it might make some sense if the government supplies money for flood insurance and takes the risk, but uses insurance personnel to administer the program. In such case there might be thrown into the Kansas City area, for example, the fire insurers' loss adjustment machinery to estimate losses and adjust claims promptly. The industry man likened such a situation to that which existed in connection with the New England hurricane a few years ago.

Copies of the President's recommendations are being sent to members of the U. S. Chamber of Commerce insurance committee, to get their reaction with a view to possible announcement of the chamber's position on that subject.

SULLIVAN STATEMENT

TOPEKA—Commissioner Frank Sullivan of Kansas, who is president of National Assn. of Insurance Commissioners, has requested that N.A.I.C. include flood coverage on its agenda for study. He so stated in a letter to Larry Miller, executive secretary of Kansas Press Assn., following a conference at which Miller had described to Sullivan a proposed editorial campaign in Kansas newspapers asking for flood coverage.

"I was pleased to have the reaction of your executive committee with reference to the matter of flood insurance on property," he wrote. "The recent catastrophe in Kansas has naturally placed emphasis on this type of insurance coverage."

"As a result of the tremendous losses in flood areas, there have been many suggestions with reference to the subject. One of the first suggestions that appeared in the press was that the federal government should furnish insurance coverage for this type of risk. Those who feel that private enterprise in American business should continue as the guiding principle of the American way of life are urging that the insurance industry provide some means whereby this risk can be insured by established private insurance companies."

Selection Against Companies

"The only persons who would be interested in flood insurance are those who would be directly affected by such a hazard, and these would be greatly in the minority. The insurance industry, and particularly the agents involved, may be criticized for not providing flood insurance for such a large property loss as resulted from the excessive rainfall during June and July. The plain facts are that a number of insurance companies have tried writing flood insurance in the past and the result was that the owners of property in the river bottoms bought flood insurance, but the owners of property on high ground wanted none of it. The risk selection was against the companies and they were forced to quit writing the line because they could not collect enough premiums to pay the losses and expenses."

"It has been suggested that perhaps some sort of a plan might be adopted similar to the plan used for writing war damage insurance during the last war. There is considerable difference, however, between an area which might be subjected to flooding and that which would be subjected to bombing or an attack by some foreign power."

"Until the present time, companies have generally felt that they could not insure such perils as backing up of sewers, or drains, floods, inundation,

tide or tidal waves, high water or overflow of streams. These perils are generally confined to restricted areas and their occurrence is unpredictable. If some means could be provided whereby a fund could be built up during a period of years so that it could be used to pay losses such as have occurred in the central west during June and July of this year, it might be possible to insure such perils; but to build up such a fund you would have to include all property owners and not only those which would be affected by the overflow or floods."

Continued Consideration Urged

"The leaders in the insurance industry should keep the problem constantly before them. Additional dams and levies should continue to be built. As these areas become better protected from the risk of floods, home owners, business and industry will naturally invest larger sums in property in these locations. With increased values, more premiums would be provided to pay losses."

"While the situation looks insurmountable, it is not entirely hopeless. The insurance industry should remain openminded on the subject."

"As president of National Assn. of Insurance Commissioners, I am requesting that our association include flood coverage on its agenda for study in the hope that a solution can be found."

Hurt & Quin Appoints Three

L. D. McCleskey and Wayne K. Pendley have been appointed assistant secretary and assistant treasurer, respectively, of the Hurt & Quin general agency of Atlanta. Mr. McCleskey has been with the firm since 1937 as agency superintendent in the fire department. He is a graduate of the University of Georgia. Mr. Pendley was formerly chief underwriter, fidelity and bonding department. He joined Hurt & Quin in 1940.

The firm has also named Joe A. Burnett, Jr., special agent in northern Florida. Mr. Burnett was formerly associated with Randall & Hebard general agency at Jacksonville. He is a graduate of the University of Florida.

Quadruple Exams in N.Y.

The New York insurance department will conduct 12 license examinations annually for prospective fire and marine, casualty and fidelity and surety agents. Heretofore it has held four tests each year for these licenses. General agents' examinations will still be conducted on a quarterly basis.

Glens Falls in Possible Suit

Glens Falls Indemnity faces a possible suit by the Indiana attorney-general over its alleged refusal to cover an estimated \$8,204 loss reported in a burglary from an Indiana state license branch. The branch is operated through the Jake Feld Tire Co., Indianapolis. The company claims the proof of loss offered by the state audit is "insufficient and inadequate" since some \$2,000 of the stolen funds was in checks, and that portion of the loss could have been reduced through some effort to have payment stopped.

The company maintains that Feld conducted a generally loose business operation. He kept no sales receipts on licenses, some of which were sold out of numerical order. Cash was stored in drawers, license plate cartons, and cold air ducts.

N. B. Names Auto Adviser

The provincial government of New Brunswick has appointed Charles J. R. Coyle of Montreal as automobile insurance adviser. He will largely be concerned initially with the implementation of financial security provisions in legislation which already has been enacted.

Mr. Coyle was formerly manager for Canada of London Assurance and at one time was with the Quebec department.

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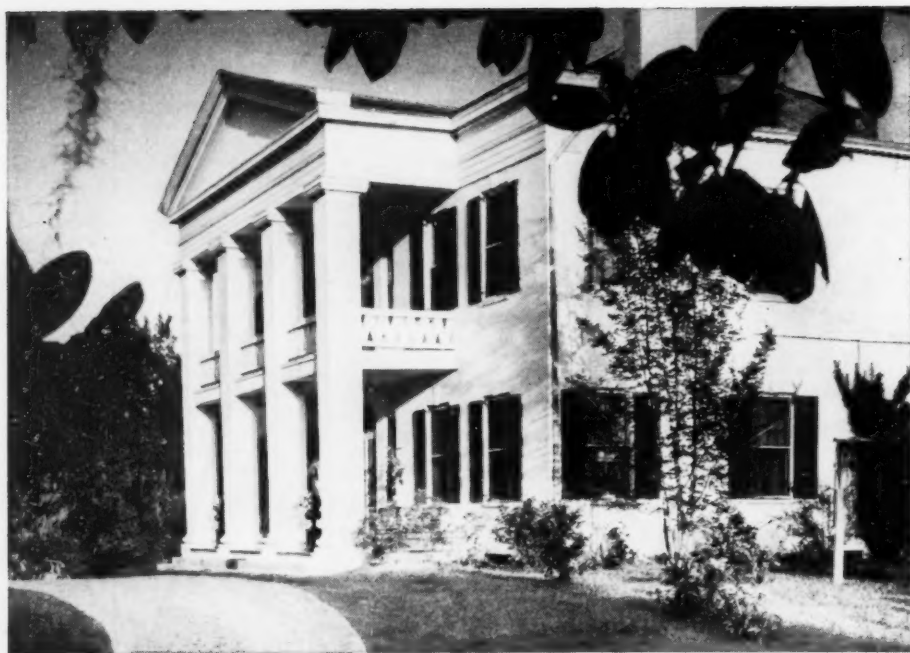
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Quitman, a native of New York State, had fulfilled an early ambition to live in the South by settling in Natchez where, as a young man, he rose rapidly in the legal profession and achieved eminence in politics. Monmouth, which has been de-

scribed as "a man's house," had a sturdy, simple style of architecture befitting his character. It was acquired by Quitman in 1826 and had been built a few years earlier by John Hankinson, another New Yorker, whose tenancy was brief and tragic. Out of kindness, Hankinson and his wife sheltered an ailing man whose malady, yellow fever, was fatal to all three.

Quitman's interest in military affairs began when he led and personally defrayed the expenses of an expedition to assist the Texans in their struggle for freedom. During



the Mexican War he was appointed major-general in recognition of his bravery at the battle of Monterey. In the bitter fighting that took place before Mexico City was captured, he fastened his red silk handkerchief to a rifle and, waving it aloft, urged on the assault. Next day, with the rim of his hat shot away and with only one shoe, Quitman led his troops into the city.

In 1849 Quitman was elected Governor of Mississippi and at his inauguration white-gowned women threw flowers before him and sang "Hail to the Chief." He was beginning his second term as Congress-



man when his health failed and he died at Monmouth in 1858. This lovely dwelling which was his home for thirty-two years is still privately owned.

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